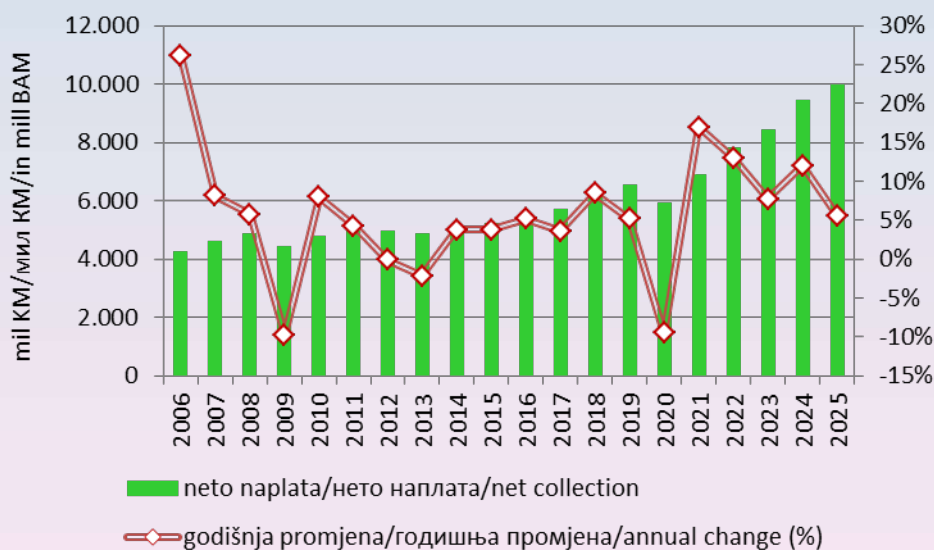




Macroeconomic Unit of the Governing Board of the Indirect Taxation Authority

# ОМЈА Билтен

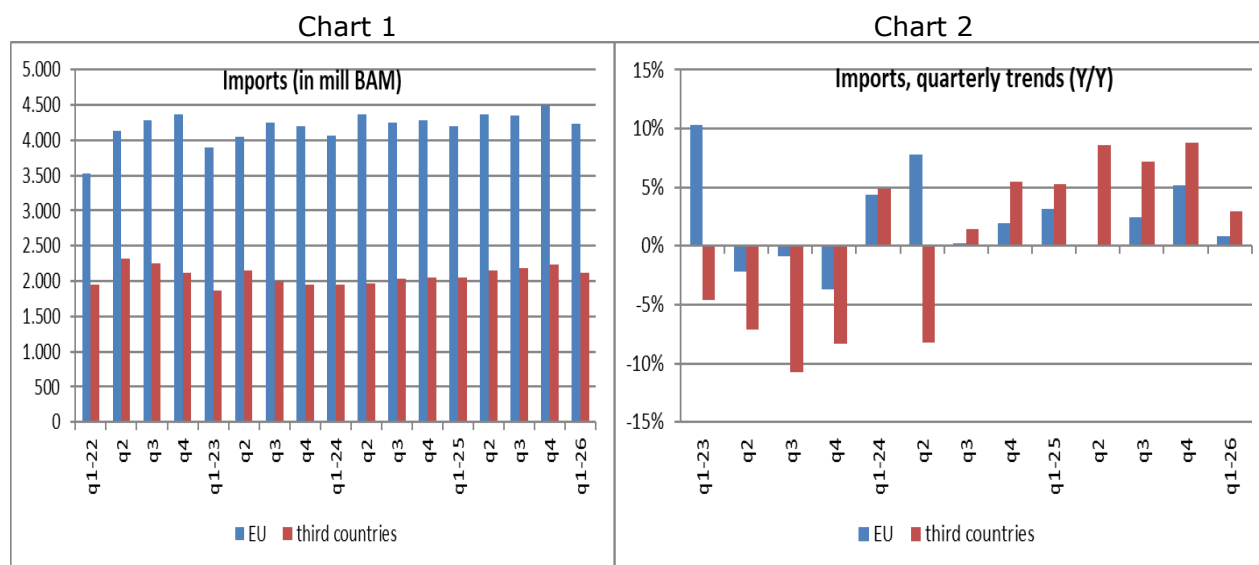


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## With this issue

At the time of preparation (middle of April) of the medium-term projections of the collection of indirect taxes for the period 2026-2029, data from the Agency for Statistics of B&H on imports in March 2026 were not available. After the publication of official data, it can be concluded that in the first quarter of 2026, imports from the EU and third countries were lower in absolute terms than in the previous three quarters (Chart 1).



However, quarterly comparisons point to the conclusion that, for imports from the EU, there are regular growth intervals which are characterized by growth from minimum to maximum over the course of three quarters. Thus, in the last interval, which consists of the second, third and fourth quarter of 2025, growth rates of 0.1%, 2.4% and 5.2% were achieved, respectively, and in the first quarter of 2026, growth of only 0.9% was achieved. On the other hand, the growth rate of imports from third countries of 2.9% in the first quarter of 2026 was the lowest since the third quarter of 2024 (Chart 2).

Dinka Antić, PhD  
Head of Unit

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Technical design: Sulejman Hasanović, IT expert

Reader/translator: Darija Komlenović, professor

## PROJECTIONS OF INDIRECT TAX REVENUES FOR THE PERIOD 2026-2029

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*Abstract**Macroeconomic indicators projections*

*According to DEP's projections, real GDP growth of 2% can be expected in Bosnia and Herzegovina in 2026. The main assumptions in the basic scenario of economic trends in B&H for 2026 are: stabilization of dynamics in the external environment and internal dynamics in the country. According to DEP's projections, in the basic scenario for the period 2027-2029 in B&H, real economic growth of around 3% can be expected on an annual basis (2027: 2.6%, in 2028: 3% and in 2029: 3.4%).*

*Trends in indirect tax revenue collection 2006-2025*

*In 2006, 4.12 billion BAM of net revenues from indirect taxes were collected on the Single Account (SA) of the ITA. In almost all years since the establishment of the ITA, there has been an increase in revenues collected at the ITA SA. The exceptions were: the "crisis" year of 2009, when there was a 9.9% drop in revenue, stagnation and a milder drop in revenues in 2012 and 2013, and a drop in 2020 of 9.3% as a result of the effects of the virus corona. In all other years, the growth of these revenues was recorded, and the highest was achieved in 2021, at a rate of 16.7%. In 2025, the annual growth of revenues from indirect taxes of 5,6% and a record nominal collection since the establishment of the ITA in the amount of 9.97 billion BAM has been achieved.*

*Trends in revenue collection from indirect taxes in the period I-III 2026*

*In absolute terms, the net collection in the first quarter of 2026 amounted to 2.4 billion BAM, which is 192.2 million BAM more than in the first quarter of 2025. The high monthly growth rates of indirect tax collection in February and March 2026 increased the cumulative effects, and at the level of the first quarter, the growth rate of net revenues from indirect taxes was a high 8.7%.*

*Projections of indirect tax revenues*

*The projected net collection of revenues from indirect taxes in 2026 amounts to 10,581 million BAM. The projected growth rate of revenues from indirect taxes for 2026 is 6.1%. The projected growth rates of net revenues from indirect taxes for 2027, 2028 and 2029 are 4%, 3.8% and 4.2%, respectively. The projection of revenues in the mentioned period is based on projected relevant macroeconomic indicators, historical seasonal collection pattern and projections of certain categories of revenues for the year 2026.*

*Risks*

*The achievement of the projected level of indirect tax revenue in the period 2026-2029 is subject to the following risks: all risks for the achievement of projected macroeconomic indicators (DEP) and risks related to the collection of indirect tax revenue itself, which can be positive or negative (VAT refund on the purchase of the first residential property, risks related to the exemption from paying road fees, etc.).*

## I BASIS AND ASSUMPTIONS OF THE PROJECTIONS OF INDIRECT TAX REVENUES

The projections of indirect tax revenues are based on the projections of macroeconomic indicators of the Directorate for Economic Planning (DEP) from March 2025, and take into account trends in indirect tax collection and current government policies in the area of indirect taxation (baseline scenario).

Mines, thermal power plants and railways in Bosnia and Herzegovina are exempted from paying road fees according to the Law on Excises. In 2023, the State Aid Council of B&H determined that the mentioned relief constitutes state aid. As of 2023, the application of exemption from road fee payment for users of the relief was suspended, which resulted in higher collection of road fee revenue in the period 2023-2025. In February 2026, the State Aid Council, after the *ex post* control procedure, issued a final decision<sup>1</sup> which determined that the exemption from paying road fees for mines, thermal power plants and railways does not constitute state aid. Projections of revenues from indirect taxes therefore include the effects of reapplication of the exemption from paying road fees for taxpayers who are enabled by the Law on Excise Duties for quantities of diesel fuel that refer to the period 2026-2029. On the other hand, due to unknowns at the time of preparing the projections, the effects of road fee refund payments for users of the exemption for 2023, 2024 and 2025 are not included in the revenue projections, but are explained in detail in chapter IV "Risks".

Amendments to the Law on VAT introducing the right to a VAT refund on the purchase of a first residential property<sup>2</sup> entered into force on April 12, 2025, but will be applied after the entry into force of amendments to the Book of Rules on the Implementation of the Law on VAT. The amendments to the Book of Rules will specify the conditions for the application of the right to a VAT refund. For this reason, at the time of preparing this document, it was not possible to estimate losses in indirect tax collection on this basis, and potential effects on VAT revenue collection were not included in indirect tax revenue projections.

The effects of a possible temporary abolition or reduction of excise duties on oil derivatives according to the Proposal of the Law on Amendments to the Law on Excise Duties in B&H, which was adopted by the House of Representatives of the Parliamentary Assembly of B&H on 16 March 2026, and which the House of Peoples has not yet adopted, are also not included in the revenue projections. An analysis of possible impacts on revenue collection is given in chapter IV "Risks".

### 1. Projections of macroeconomic indicators, DEP

#### 1.1. Projections, DEP, March 2026

Table 1 presents the latest DEP's projections (DEP, March 2026) of nominal and real GDP growth for the period 2026-2029.

Table 1. Projection of GDP growth, DEP, March 2026

	Official data		Projections			
	2024	2025	2026	2027	2028	2029
Nominal growth	6,0	7,9	5,8	5,1	5,3	5,6
Real growth	2,6	2,1	2,0	2,6	3,0	3,4

Source: DEP, March 2026

<sup>1</sup> Official Gazette of B&H No. 23/26 as of March 27, 2026.

<sup>2</sup> Official Gazette of B&H No. 20/25

### *Economic trends in 2025*

According to the currently available preliminary data of the Agency for Statistics of B&H for the year 2025, it is estimated that the rate of real economic growth compared to the previous year was 2.1%.<sup>3</sup> In DEP's document of macroeconomic projections,<sup>4</sup> it is stated that domestic demand, through increased consumption and investments, was the main pillar of the growth, while the contribution of the trade balance was slightly negative.

### *Projections for 2026*

DEP's document of macroeconomic projections states that the development of dynamics in the international economic environment and developments regarding current geopolitical instability will largely determine economic developments in Bosnia and Herzegovina. According to DEP's projections, based on available data and macroeconomic models, real GDP growth of around 2% can be expected in Bosnia and Herzegovina in 2026. The main assumptions in the baseline scenario of economic trends in Bosnia and Herzegovina for 2026 are: stabilization of dynamics in the external environment and internal dynamics in the country. Domestic demand is expected to represent the main basis of projected economic growth, with a slightly more positive contribution from the external sector, than in the previous year. Real growth of private consumption of 1.4% and real growth of public consumption of 2.2% is projected.

### *Projections for the period 2027-2029*

According to DEP's projections, economic trends in the external environment, especially in the EU-27 countries,<sup>5</sup> in addition to internal dynamics, represent an important determinant for economic trends in Bosnia and Herzegovina in the coming period. In the document of macroeconomic projections from March 2026, it is stated that the negative economic consequences of past and current global instabilities (corona virus pandemic, conflicts in Ukraine and the Middle East, world energy crisis, etc.) are manifested through trade, financial and price shocks in the world and B&H. According to DEP's projections, in the baseline scenario for the period 2027-2029, real economic growth of about 3% can be expected in B&H on an annual basis (2027: 2.6%, in 2028: 3% and in 2029: 3.4%).

### *1.2. DEP, revision of macroeconomic indicator projections for B&H*

Based on Chart 1, DEP's latest projections (March 2026) can be compared with the previous ones (September 2025), which relate to the growth rates of GDP and its components.

### *Projections for 2025*

In relation to DEP's projections of macroeconomic indicators from September 2025, in their projections from March 2026, the data for 2025 were corrected as follows:

- nominal GDP growth by +2.7 p.p.,
- nominal growth of imports by -1 p.p.,
- nominal growth of exports by +0.7 p.p.,
- nominal growth of government consumption by +5.2 p.p.
- nominal growth of investments +2 p.p.,
- inflation +0.1 p.p.

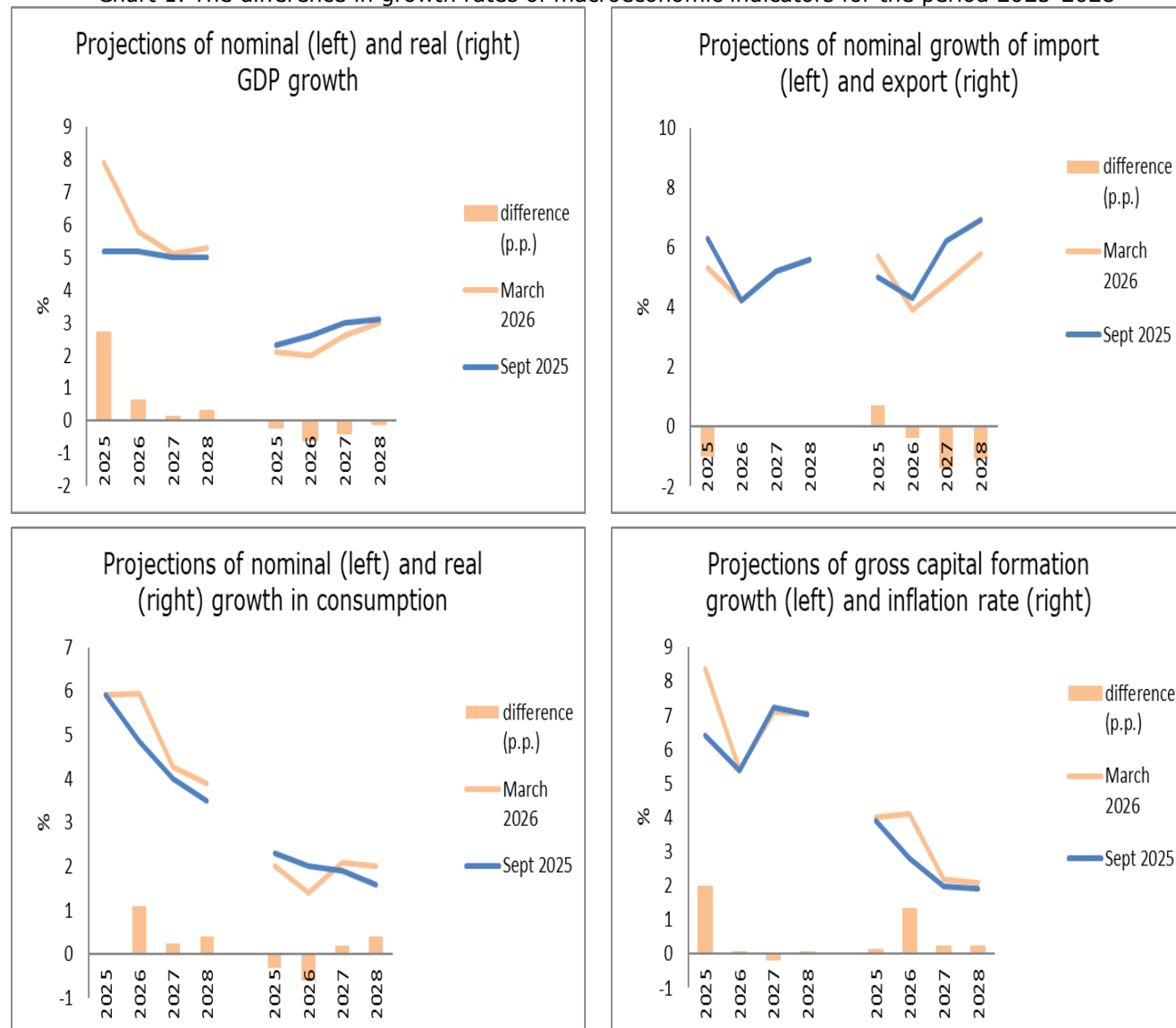
<sup>3</sup> Agency for Statistics of Bosnia and Herzegovina, Gross domestic product, expenditure approach, quarterly data from March 31, 2026.

<sup>4</sup> Projections of macroeconomic indicators, DEP, March 2026

<sup>5</sup> DEP states that the challenge for developing macroeconomic projections in Bosnia and Herzegovina was the availability of international data, given that the spring edition of DG ECFIN projections was not available at the time of preparation of their March 2026 document.

The data related to the nominal growth of private consumption in 2025 have not been changed compared to DEP's projections from September 2025.

Chart 1. The difference in growth rates of macroeconomic indicators for the period 2025-2028



Source: Calculation and presentation of MAU based on DEP's projections from March 2026 and September 2025

### Projections for 2026

In relation to DEP's projections of macroeconomic indicators from September 2025, in their projections from March 2026, the data for 2026 were corrected as follows:

- nominal GDP growth by +0.6 p.p.,
- nominal growth of private consumption by +1.1 p.p.,
- nominal growth of exports by -0.4 p.p.,
- inflation +1.3 p.p.

Data related to the nominal growth of imports, government consumption and investments in 2026 have not been changed compared to DEP's projections from September 2025.



### *Projections for 2027 and 2028*

In relation to DEP's projections of macroeconomic indicators from September 2025, in their projections from March 2026, nominal GDP growth for 2027 and 2028 was slightly corrected by +0.1 p.p. and +0.3 p.p. The indicators for 2029 cannot be compared in the current document in relation to previous projections, since the year 2029 was not included in last year's DEP's projections. A comparison of DEP's latest and previous projections for 2027 and 2028 by expenditure components of GDP is available in Chart 1.

## **2. Current policies in the field of indirect taxation**

VAT obligations and payment system are regulated by the Law on Value Added Tax ("Official Gazette of B&H", No. 9/05, 35/05, 100/08 and 33/17). Excise policy is regulated by the Law on Excises in Bosnia and Herzegovina ("Official Gazette of B&H", No. 49/09, 49/14, 60/14, 91/17 and 50/22).<sup>6</sup> The policy of excises on tobacco in 2026 is regulated by the Law on Excises and Decision<sup>7</sup> of the ITA Governing Board. As the legally prescribed ceiling of the total excise tax on cigarettes of 176 BAM / 1000 cigarettes was reached for all price categories of cigarettes in 2019, the harmonization with EU standards in the field of cigarette taxation was completed, while the taxation of cut tobacco is regulated according to the amendments to the Law (in force since 2014).<sup>8</sup> The Law<sup>9</sup> on Customs Policy in Bosnia and Herzegovina regulates the basic elements of customs policy and general rules and procedures that apply to goods brought into and out of the customs territory of Bosnia and Herzegovina.

## **3. Indirect tax collection trends (2006-2025)**

In 2006, 4.12 billion BAM of net revenues from indirect taxes were collected on the Single Account (SA) of the ITA. In almost all years since the establishment of the ITA, there has been an increase in revenues collected at the ITA SA. The exceptions were: the "crisis" year of 2009, when there was a 9.9% drop in revenue, stagnation and a milder drop in revenues in 2012 and 2013, and a drop in 2020 of 9.3% as a result of the effects of the virus corona. In all other years, the growth of these revenues was recorded, and the highest was achieved in 2021, at a rate of 16.7%. In 2025, an annual growth of indirect tax revenues of 5.6% was achieved and a record nominal collection since the introduction of VAT in the amount of 9.97 billion KM. Finally, the growth of collection in 2025 compared to 2006 was a high 141.9%.

<sup>6</sup> Changes to the Law on Excises (Official Gazette of B&H No. 50/22) began to be applied from the moment of entry into force of the by-laws adopted by the Governing Board of the ITA.

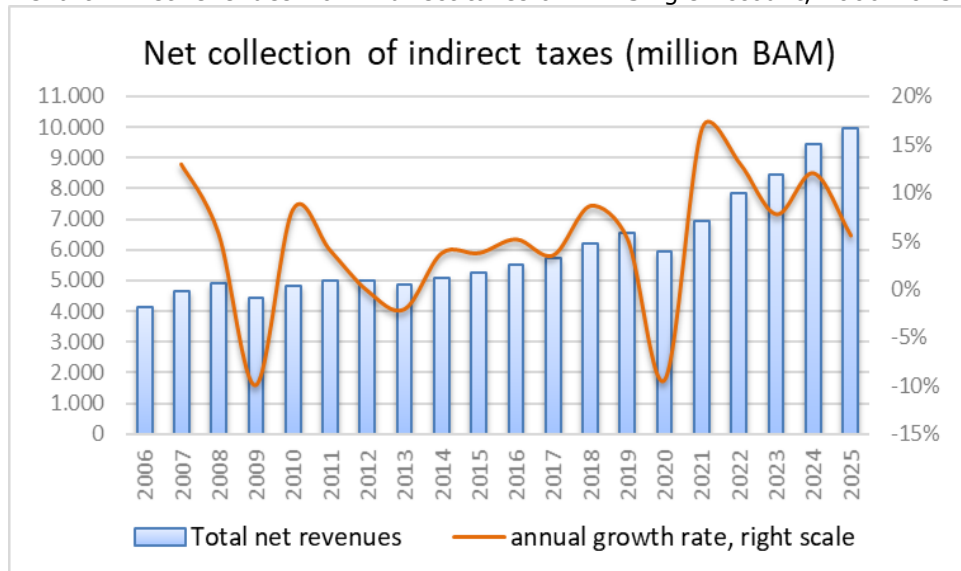
<sup>7</sup> Decision on Determination of the Specific and Minimum Excise Duty for Cigarettes and the Amount of the Excise Duty on Smoking Tobacco for 2026 (Official Gazette of B&H No. 79/25)

<sup>8</sup> The new policy is in effect since August 1, 2014 (Amendments to the Law on Excises in B&H, Official Gazette of B&H No. 49/14)

<sup>9</sup> The new Law on Customs Policy (Official Gazette of B&H No. 58/15) has been applied as of August 1, 2022 (Official Gazette of B&H No. 23/22). Until that date, the old Law on Customs Policy was applied, with the exception of Article 207 of the new Law, which has been applied as of 25 April 2018.



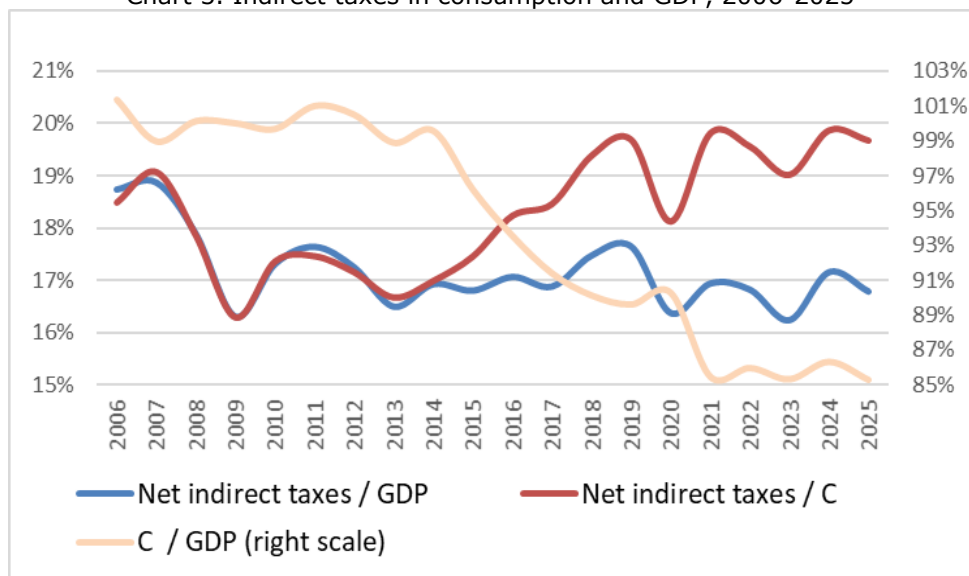
Chart 2. Net revenues from indirect taxes on ITA Single Account, 2006-2025



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

In Chart 3, the share of indirect taxes in GDP of B&H in the period 2008-2024 is broken down into product components, in accordance with the methodology from the OECD analysis<sup>10</sup> : (1) share of indirect tax revenues in total consumption and (2) share of total consumption in GDP. It can be concluded from the Chart 3 that the share of indirect taxes in GDP and consumption was at approximately the same level until 2014, when the share of consumption in GDP was around 100%. As of 2015, there has been a downward trend in the share of consumption in GDP (with the exception of a slight increase in 2020, 2022 and 2024). With the decline in the share of consumption in GDP, since 2015, the line of the share of indirect taxes in consumption has been above the line of their share in GDP.

Chart 3. Indirect taxes in consumption and GDP, 2006-2025



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

<sup>10</sup> Simon, H. and M. Harding (2020), "What drives consumption tax revenues?: Disentangling policy and macroeconomic drivers" *OECD Taxation Working Papers*.

The share of indirect taxes from the ITA Single Account in GDP has varied significantly in recent years (Table 2). Since the introduction of VAT (2006), this indicator ranged from 16.2% (minimum value, 2023) to 18.9% (maximum value, 2007). In 2025, it amounted to 16.8%. The dynamics of indirect taxes in GDP depended on numerous factors: trends in tax rates and tax bases, efficiency of tax collection, trends in consumption, but also on other categories of gross domestic product (investments, imports and exports), which, in addition to consumption, affect the level of the denominator of this indicator.

The share of indirect taxes from the ITA SA in total consumption has also varied, and from 2014 to 2019 it showed a continuous growth trend. In 2019, it amounted to 19.7%, while in the pandemic year, 2020, it fell sharply to 18.1%. After that, oscillations of this indicator have been recorded. In 2021, it increased to 19.8%, in 2022 and 2023 it declined slightly, and in 2024 it recorded its historical maximum of 19.9%. Based on the DEP's consumption projection, it is estimated that in 2025 the share was 19.7%.

Table 2. Share of indirect tax revenues from the ITA SA in GDP and total consumption (C)

%	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Indirect taxes / GDP	18,7	18,9	17,9	16,3	17,3	17,6	17,2	16,5	16,9	16,8	17,1	16,9	17,5	17,6	16,4	16,9	16,8	16,2	17,2	16,8
Indirect taxes / C	18,5	19,1	17,9	16,3	17,4	17,5	17,2	16,7	17,0	17,5	18,2	18,5	19,4	19,7	18,1	19,8	19,6	19,0	19,9	19,7

Source: MAU calculation based on ITA, BHAS data (December 2025) and DEP projection (March 2026)

## II PROJECTIONS OF INDIRECT TAX REVENUES 2026-2029 (baseline scenario)

### 1. Tabular presentation of projected revenues (2026-2029)

Table 3. Baseline scenario of indirect tax revenue projections (2026-2029), April 2026.

Type of revenue (net)	In million BAM						Projected growth rate			
	Realization	Projection								
	2025	2026	2027	2028	2029		2026	2027	2028	2029
VAT	6.611,6	7.212,7	7.521,0	7.814,0	8.149,8		9,1%	4,3%	3,9%	4,3%
Excises	1.923,4	1.948,5	2.018,0	2.087,5	2.166,7		1,3%	3,6%	3,4%	3,8%
Customs	619,4	664,6	699,1	738,3	779,6		7,3%	5,2%	5,6%	5,6%
Road fee	763,9	700,2	718,4	740,0	765,2		-8,3%	2,6%	3,0%	3,4%
Other *)	55,7	55,0	52,0	52,0	52,0		-1,3%	-5,4%	0,0%	0,0%
TOTAL	9.974,0	10.581,0	11.008,6	11.431,7	11.913,3		6,1%	4,0%	3,8%	4,2%
Earmarked road tax **)	-477,2	-437,6	-449,0	-462,5	-478,2		-8,3%	2,6%	3,0%	3,4%
Funds for distribution	9.496,8	10.143,3	10.559,5	10.969,2	11.435,1		6,8%	4,1%	3,9%	4,2%

Note:

In order to ensure comparability of projected and collected indirect tax revenues, indirect tax revenue projections are presented on a cash basis in accordance with the ITA reports on collection by types of revenues.

\*) The category "Other" includes other revenues that are collected at Single Account of the ITA (revenues from terminals, rents, etc.) and unadjusted revenues (revenues that remain unadjusted after the final adjustment of revenue collection with applications and declarations in the ITA IT system), netted with other refunds that are not directly related to types of revenue.

\*\*) Until February 1, 2018, the earmarked road fee amounted to 0.10 BAM per litter of oil derivative, intended entirely for the construction of highways. As of February 1, 2018 it amounts to 0.25 BAM per litter of oil derivative (0.20 BAM/l for the construction of highways and 0.05 BAM/l for the construction and reconstruction of other roads).

Table 4. Baseline scenario of indirect tax revenue projections, % of GDP, (2026-2029), April 2026

Type of revenue (net)	In % of GDP				
	Realization	Projection			
	2025	2026	2027	2028	2029
VAT	11,1%	11,5%	11,4%	11,2%	11,1%
Excises	3,2%	3,1%	3,1%	3,0%	2,9%
Customs	1,0%	1,1%	1,1%	1,1%	1,1%
Road fee	1,3%	1,1%	1,1%	1,1%	1,0%
Other *)	0,1%	0,1%	0,1%	0,1%	0,1%
<b>TOTAL</b>	<b>16,8%</b>	<b>16,8%</b>	<b>16,7%</b>	<b>16,4%</b>	<b>16,2%</b>
Earmarked road tax **)	-0,8%	-0,7%	-0,7%	-0,7%	-0,7%
Funds for distribution	16,0%	16,1%	16,0%	15,8%	15,6%

Data source for GDP: DEP's projection (March 2026)

## 2. MAU, revision of projections of revenues from indirect taxes

### 2.1. Projections for 2025

Compared to the MAU projections from October 2025 (hereinafter referred to as "previous projections"), the realization of revenues from indirect taxes is lower by only 3.3 million BAM. It can be concluded that the **previous projections of revenues from indirect taxes were realized with an accuracy rate of 99.97%.**

At the same time, collection of net revenues from VAT exceeded projections by 57.5 million BAM, due to the cumulative effect of higher collection of domestic VAT and lower payment of refunds compared to October expectations.

On the other hand, realization of net revenue from excise duties was lower by 70 million BAM compared to the October projections. The lower net collection of excise duties than projected stems primarily from the lower collection of excise duties on tobacco than expected in October 2025. Although the cumulative growth of excise duties on tobacco products for the nine months of 2025 was 10.4%, the significant drop in collection in the fourth quarter of 2025 of -16.1% resulted in an annual growth rate of only 3%. One of the reasons for large drop in the collection of excise taxes on tobacco in the fourth quarter and, in general, for the lower growth rate in the entire year 2025, is the effect of a significantly higher statistical base from 2024, when an absolute increase in revenue of as much as 172.5 million BAM was achieved. Another possible reason is the reduction of the business plans of the tobacco industry, due to the reduction in consumption by the diaspora, the slower growth of tourism and cross-border sales compared to expectations. A significant negative factor is the substitution of traditional cigarette consumption with electronic cigarettes and similar tobacco products that are not covered by excise policy in B&H and are more affordable.

Projections of revenues from customs and road fees for 2025 have been slightly exceeded (by 1.4 million BAM and 4.2 million BAM, respectively).

### 2.2. Projection for 2026

Compared to the previous projections, the projections of revenues from indirect taxes for the year 2026 have been revised by +152.5 million BAM. The revision of the projection is the cumulative result of the change in the statistical base (realization in the year 2025), current trends in revenue collection and revision of the projections of macroeconomic indicators (Chart 1).

VAT revenues for 2026 have been strongly revised upwards, due to positive collection trends in the first quarter of 2026, and revision of the projected inflation rate, nominal GDP and consumption for 2026 (DEP, March 2026). On the other hand, excise tax revenue projections for 2026 have been revised downwards compared to the October projections. Revision is the cumulative result of the difference in the statistical basis<sup>11</sup>, as well as the revision in the projections of collection of excises on oil derivatives for the year 2026 as a consequence of the strong rise in derivative prices, which was not foreseen in the October projections. Projections of road fee revenue have been revised downwards due to the predicted drop in consumption of derivatives (due to price increases) and the re-application of road fee exemptions for mines and thermal power plants, bearing in mind the final decision of the State Aid Council, which found that said exemption does not constitute state aid. Exemptions from road fee payments for mines and thermal power plants were not included in the Unit's projections from October 2025 (more in chapter IV "Risks").

<sup>11</sup> The realization of excise duties on tobacco in 2025 was below the October projection for 2025.

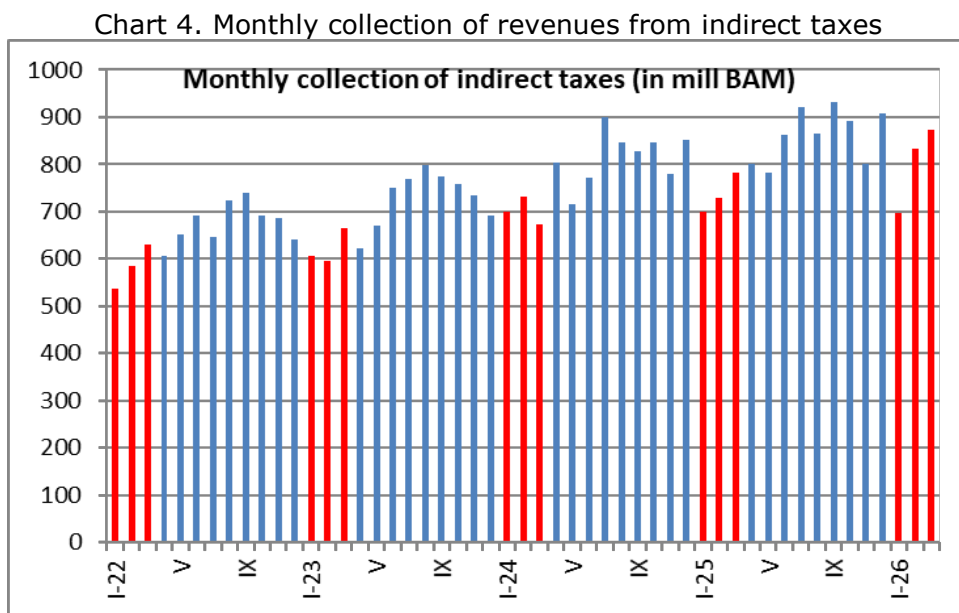
### 2.3. Projections for 2027-2028

Compared to the previous projections, the projections of revenues from indirect taxes for 2027 and 2028 have been revised by +143 million BAM and 142.1 million BAM, respectively. The revision of the projections is the cumulative result of the change in the statistical base (projections for 2026), application of road fee exemptions for the benefit users, and revision of the projections of macroeconomic indicators (Chart 1).

## 3. Projection of total revenues from indirect taxes

### 3.1. Projection for 2026

The beginning of 2026 was marked by zero growth in net revenues from indirect taxes. A sharp improvement in trends was achieved in February and March 2026, with monthly net revenue growth rates of 14.1% and 11.8%, respectively (Chart 4).

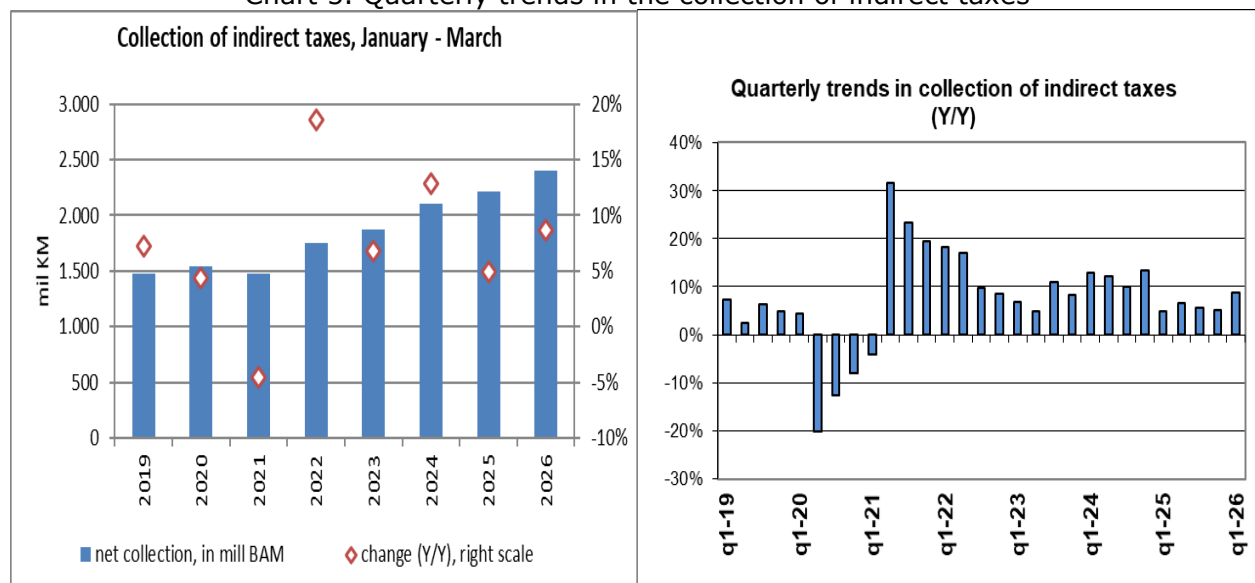


The reason for the worse start at the beginning of the year was high VAT refund payments, while the increase in net collection of indirect taxes in February and March was the result of a cumulative positive trend - growth in gross collection and reduced refund payments. An additional factor in the growth of collection in March was the beginning of the war with Iran, which stimulated greater imports of oil derivatives and other goods in order to create stocks and meet the growing demand in the country. Only the increased import of oil derivatives in March due to the collection of excise duties and road fees brought 2.6 p.p. increase in the net collection of indirect taxes in that month.

At the level of the first quarter of 2026, the gross collection of revenue from indirect taxes was higher by 6.5% compared to the first quarter of 2025, but refunds were lower by 4.3%, which increased the net growth above expectations. In absolute terms, net collection in the first quarter of 2026 amounted to 2.4 billion BAM, or 192.2 million BAM more than in the first quarter of 2025 (Chart 5, left). The high monthly growth rates of indirect tax collection in February and March 2026 increased the cumulative net effects, and a high growth rate of 8.7% was achieved in the first quarter. An overview of quarterly growth rates (Chart 5, right) shows that the high growth rates in the last seven years were results of global crises (pandemic, war in Ukraine, energy crisis) and domestic policies (base effect due to the transition to a new excise tax payment regime on

tobacco products at the beginning of 2023). During 2025, the quarterly growth rates have returned to the "normal" growth framework, in the range of 5% - 6.5%. This was again disrupted by the outbreak of the war with Iran and the emergence of a new global energy crisis.

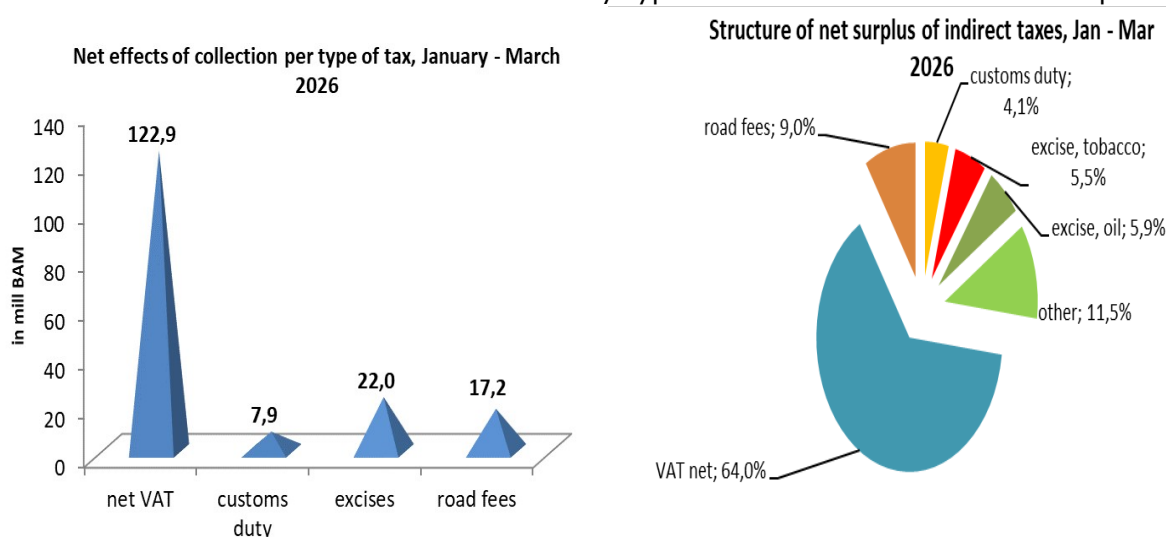
Chart 5. Quarterly trends in the collection of indirect taxes



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

The structure of the net surplus realized in the first quarter points to the conclusion that the main factor in the growth of revenue from indirect taxes in the first quarter of 2026 was VAT (Chart 6, left). In the first quarter, 122.9 million BAM of VAT was collected more than in the same quarter of 2025, which is 64% of the net surplus (Chart 6, right). In the excise revenue surplus, the share of excise duties on oil derivatives increased significantly during March, as a result of the increase in imports, stimulated by the war conflicts with Iran, which was also reflected in the road fee revenue surplus and the VAT surplus.<sup>12</sup>

Chart 6. Net nominal collection effects by type of tax and structure of net surplus



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

<sup>12</sup> The VAT revenue surplus in the first quarter of 2026 is 77% higher than in the same quarter of 2025.

According to DEP's projections, nominal GDP growth of 5.8% is expected in 2026, and private consumption growth of 5.9%. The projected inflation rate is 4.1%.<sup>13</sup> Taking into account all of the above, **it is expected that the net collection of revenues from indirect taxes in 2026 will amount to 10,581 million BAM. The projected growth rate of revenues from indirect taxes for 2026 is 6.1%.**

### 3.2. Projections for the period 2027-2029

For the period 2027-2029, DEP projected approximately the same GDP growth rates as for 2026, in the range 5.1%-5.6%. On the other hand, much lower nominal consumption growth rates were projected. The projected nominal private consumption growth rate for 2027 is lower by 1.7 p.p. compared to the projected rate for 2026. Compared to the projections for 2026, the projected nominal private consumption growth rates for 2028 and 2029 are lower by 2.1 p.p. and 1.7 p.p., respectively.

Box 1: Projections of net revenues from indirect taxes

	2025	2026	2027	2028	2029
Projections, million BAM	9.974,0	10.581,0	11.008,6	11.431,7	11.913,3
Projections, % of growth		6,1%	4,0%	3,8%	4,2%
Projections, % of GDP	16,8%	16,8%	16,7%	16,4%	16,2%

**The projected growth rates of net revenues from indirect taxes for 2027, 2028 and 2029 are 4%, 3.8% and 4.2%, respectively.** The revenue projections in the mentioned period is based on projected relevant macroeconomic indicators, historical seasonal collection pattern and projections of certain categories of revenues for the year 2026 (Box 1).

<sup>13</sup> Inflation measured by the consumer price index, DEP, March 2026



### III ANALYTICS OF PROJECTIONS OF REVENUES FROM INDIRECT TAXES

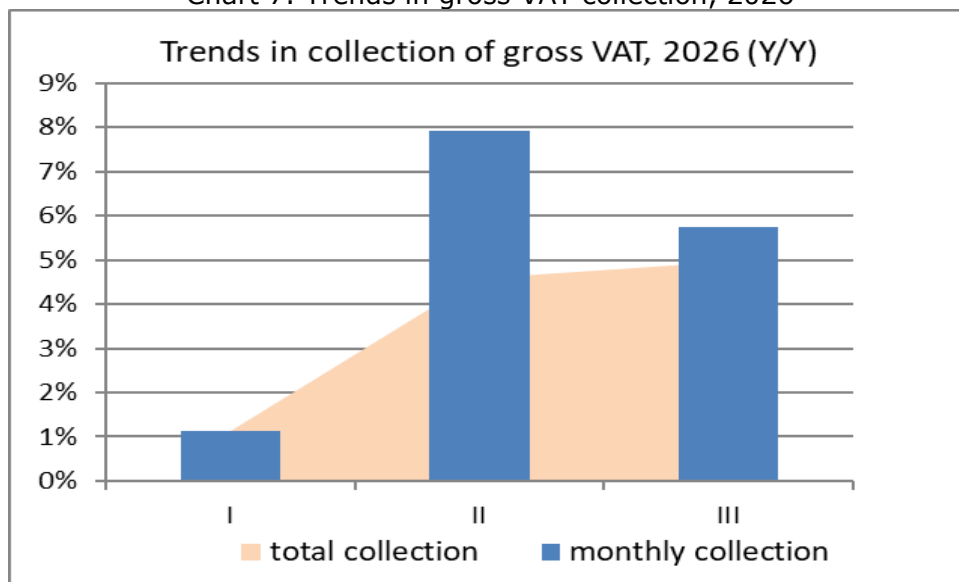
#### 1. VAT

##### 1.1. Projections of VAT revenue for 2026

##### *Gross collection*

The oscillatory trend in gross VAT collection from previous years has continued. After strong growth in December 2025, growth of only 1.1% was achieved in January. However, growth of 7.9% was achieved again in February, and 5.8% in March, so that in the first quarter of 2026, the cumulative growth rate of gross VAT reached 5% (Chart 7).

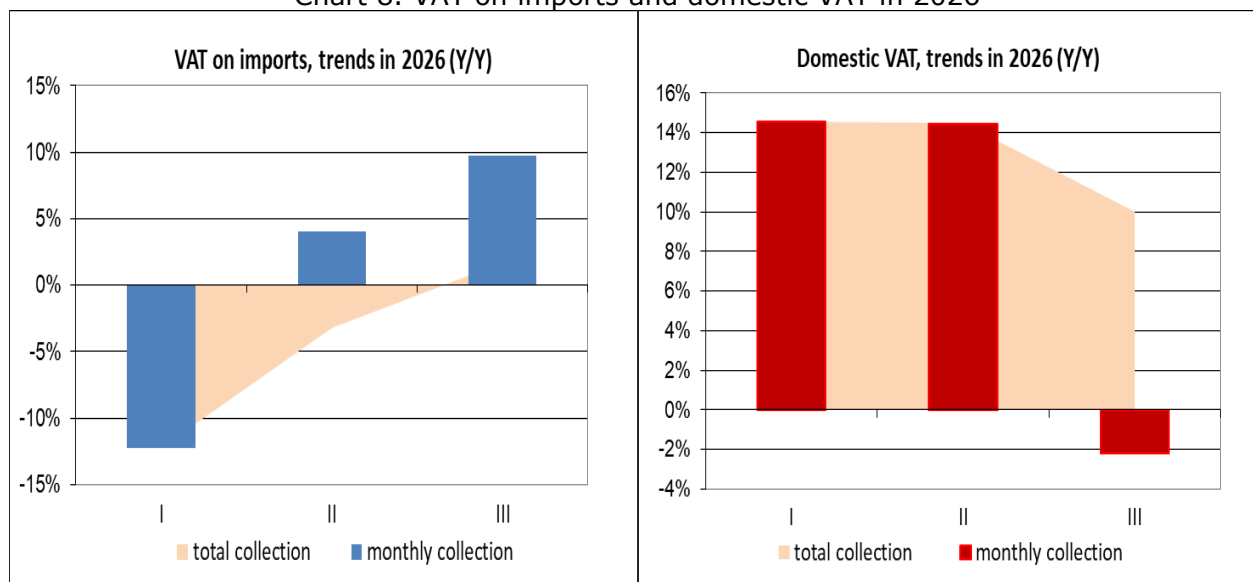
Chart 7. Trends in gross VAT collection, 2026



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

The analysis of the structure of gross VAT in the first quarter of 2026 points to the conclusion that the poor growth of gross VAT collection at the beginning of 2026 was the result of a significant drop in VAT collection on imports of -12.2%. The recovery of imports in February also brought a positive growth rate of VAT on imports, but this was not enough to amortize the revenue drop in January (Chart 8, left). The strong growth of VAT collection on imports in March of 9.7% nullified the weaknesses from the previous two months and brought a quarterly growth of 1.7%. On the other hand, the trend of high growth rates of domestic VAT has continued, in January and February around 14.5%. However, due to the -2.2% drop in March collection, for the first time after thirteen months of positive growth rates, the cumulative growth rate of domestic VAT at the level of the first quarter of 2026 was reduced to 10% (Chart 8, right).

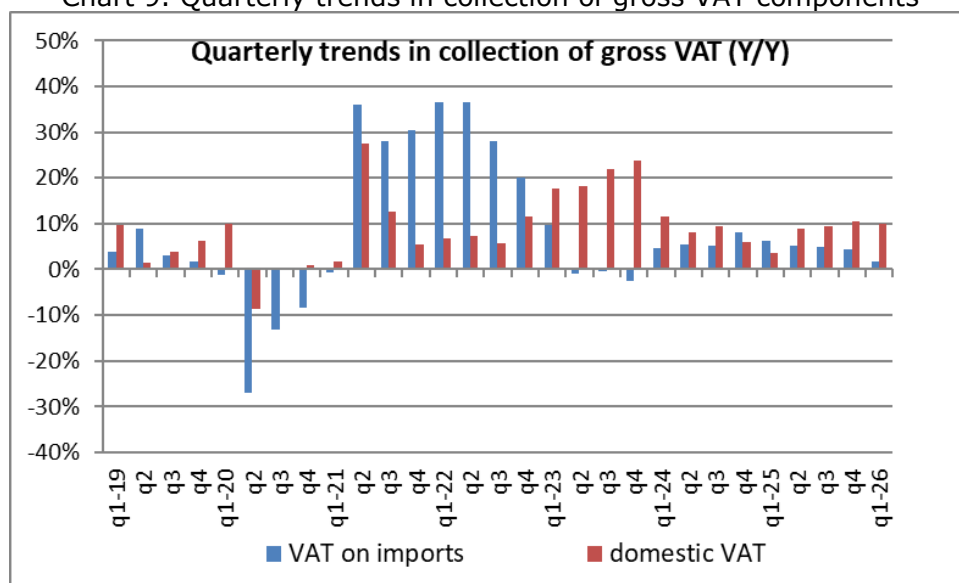
Chart 8. VAT on imports and domestic VAT in 2026



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

Quarterly comparisons of VAT collection on imports indicate a slightly decreasing trend of VAT on imports and stable growth of domestic VAT. The trend of decreasing quarterly growth rates, which was evident in the second half of 2025, was further aggravated by modest growth in the first quarter of 2026 (Chart 9, "VAT on imports"). On the other hand, in the collection of domestic VAT, as of second quarter of 2025, growth rates were very high, ranging from 8.8% to 10.6%, which has continued in the first quarter of 2026 (Chart 9, "domestic VAT"). Given that in the first three months, 37.3 million BAM of non-adjusted revenues were recorded, a greater increase in domestic VAT can be expected, as the greater part of non-adjusted revenues is regularly related to VAT payments.

Chart 9. Quarterly trends in collection of gross VAT components



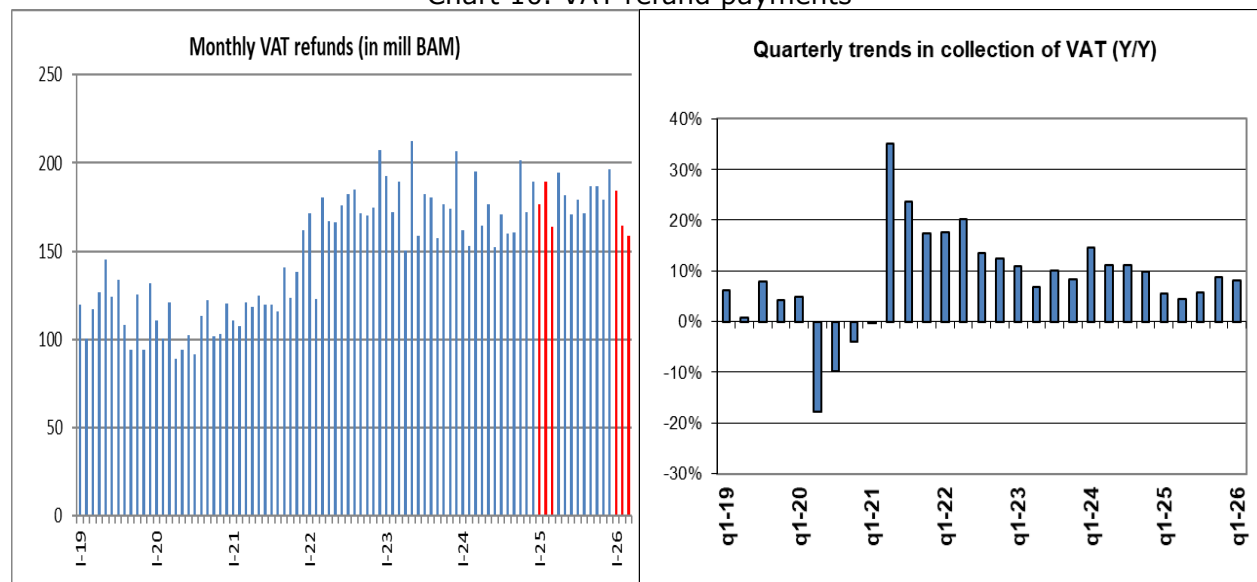
Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

### VAT refunds

The oscillatory trend of VAT refund payments from previous years has continued in 2026. In January 2026, refund payments were higher by 4.4% compared to the same month in 2025. However, in February there was a significant drop in refund payments of -13%, and in March - 3.2%. (Chart 10, left). The strong reduction in refund payments in February was partly a consequence of the deterioration of B&H's foreign trade exchange in January 2026, but also a decrease in refunds based on international projects. Due to legal deadlines for VAT refund payments to exporters, a significant drop in exports of -11.5% in January led to a decrease in refund payments in February 2026, while a large drop in imports in January of -15.6%, due to longer legal deadlines for refunds to other taxpayers, led to a decrease in refunds in March 2026.

Due to the decrease in refund payments, the share of VAT refunds in gross VAT in the first three months of 2026 amounted to 23.9%, which is as much as 2.3 p.p. less than the share of refunds in the gross collection in the first quarter of 2025. From the analysis of the refund structure according to refund users, it can be concluded that the main reason for the decrease in VAT refund payments in the first quarter was a drop in VAT refund payments for international projects by as much as 70.7% or by 23.9 million BAM, while refunds to taxpayers were higher by 4.3 million BAM or by 0.9% compared to the first quarter of 2025. A strong slowdown in VAT refund payments can best be seen from the quarterly growth rates, which after high rates in the second and third quarters of 2025 (10.8% and 9.4% respectively), fell to a zero growth rate in the fourth quarter of 2025, and in the first quarter of 2026 moved into a negative growth zone with a rate of -4.2% (Chart 10, right).

Chart 10. VAT refund payments



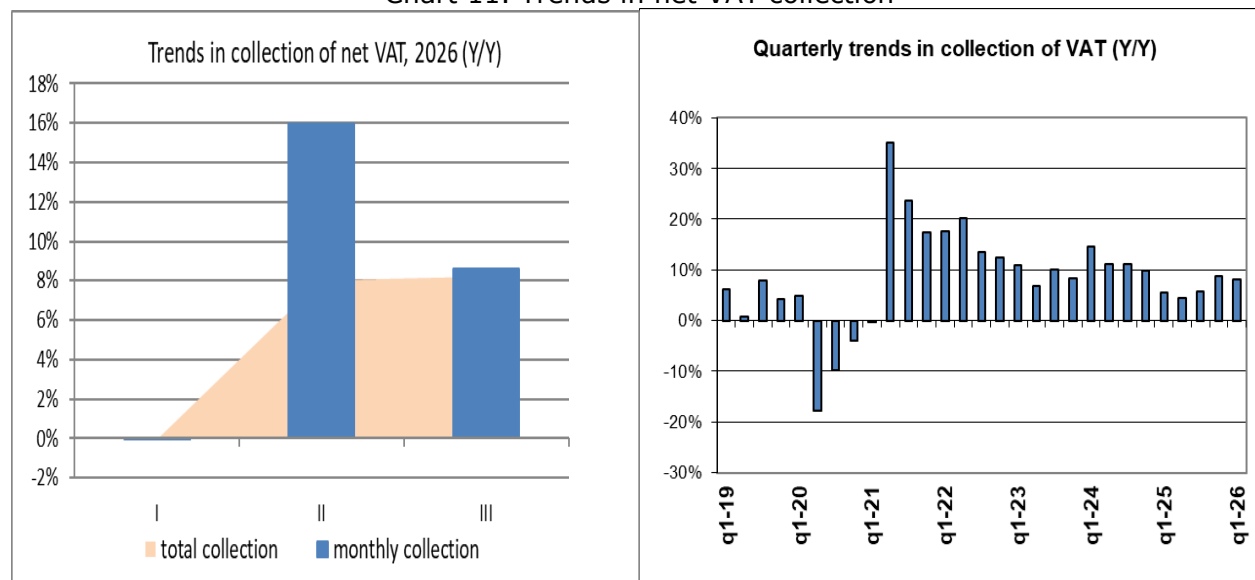
Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

### Net collection

After high growth rates in the last four months of 2025, in January 2026, net VAT collection was at the level of collection in January 2025. The reasons for poor collection are: a modest growth in gross collection and a strong growth in refund payments, as a result of an 11.1% increase in exports in December 2025. However, high growth rates of net VAT collection of 16% and 8.6%, respectively, were achieved in February and March, as a consequence of the positive cumulative effect of the growth in gross VAT collection and a significant decrease in refund payments in February and March (Chart 11, left). After the adjustment of unadjusted revenues, a higher

growth rate can be expected, because a larger part of unadjusted revenues regularly relates to VAT payments.

Chart 11. Trends in net VAT collection



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

Quarterly comparisons of net VAT indicate accelerating net VAT growth in the fourth quarter of 2025 (+8.7%) and the first quarter of 2026 (+8.2%) compared to the first three quarters of 2025, when growth rates were in the range of 5% - 6.6% (Chart 11, right).

The projected amount of net VAT revenue in 2026 is 7,212.7 million BAM, which is 9.1% more than the realization in 2025. The projection is based on the historical seasonal collection pattern of certain categories of VAT (which does not include years with specifics), and movements and projections of macroeconomic indicators.

## 1.2. Projections of VAT revenue for the period 2027-2029

Analysis of collection trends indicates a long-term growth of VAT revenue. In the year of introduction of VAT (2006), 2,483.8 million BAM of net VAT revenue was collected. In all subsequent years, with the exception of 2009 and 2020,<sup>14</sup> the growth of these revenues was recorded. High growth rates were particularly pronounced in the year after the introduction of VAT (2007), and in the years following the outbreak of the corona virus pandemic (2021 and 2022). Finally, in 2025, 6,611.6 million BAM in net VAT revenue was collected, representing a growth of a high 4,127.8 million BAM or 166.2% compared to 2006.

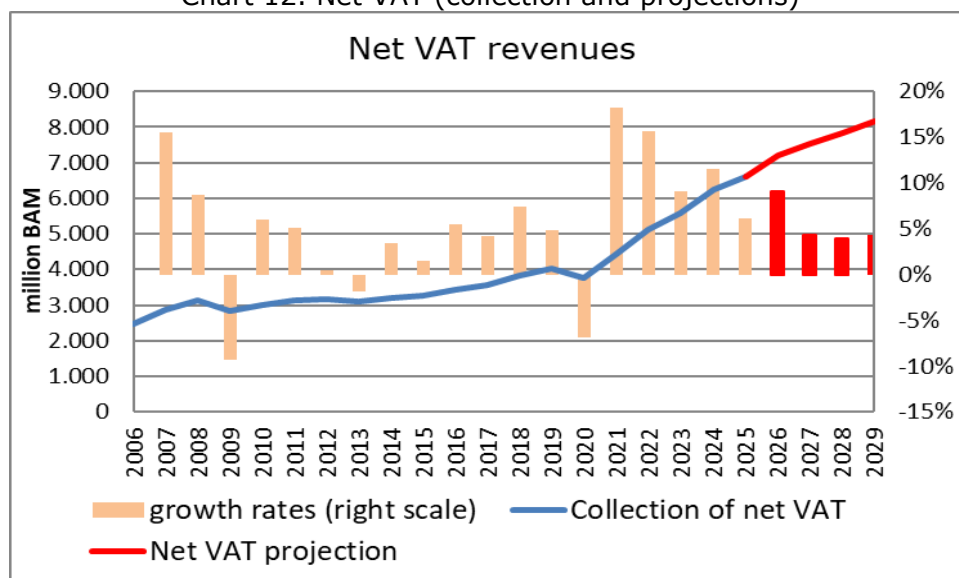
VAT revenues represent the largest generator of annual absolute increases in total revenues from indirect taxes in the period 2026-2029. After the projected growth rate of 9.1% in 2026, lower, stable growth rates of net VAT revenue are planned in the coming years, in line with the projected consumption growth rates. In the period 2027-2029, net revenues from VAT are projected in accordance with long-term collection trends, historical seasonal patterns and projections of relevant macroeconomic indicators (Box 2 and Chart 12).

<sup>14</sup> Years in which effects of the global financial crisis (2009) and the emergence of the corona virus pandemic (2020) were pronounced

## Box 2: VAT revenue projections

	2025	2026	2027	2028	2029
Projections, million BAM	6.611,6	7.212,7	7.521,0	7.814,0	8.149,8
Projections, % of growth		9,1%	4,3%	3,9%	4,3%
Projections, % of GDP	11,1%	11,5%	11,4%	11,2%	11,1%

Chart 12. Net VAT (collection and projections)



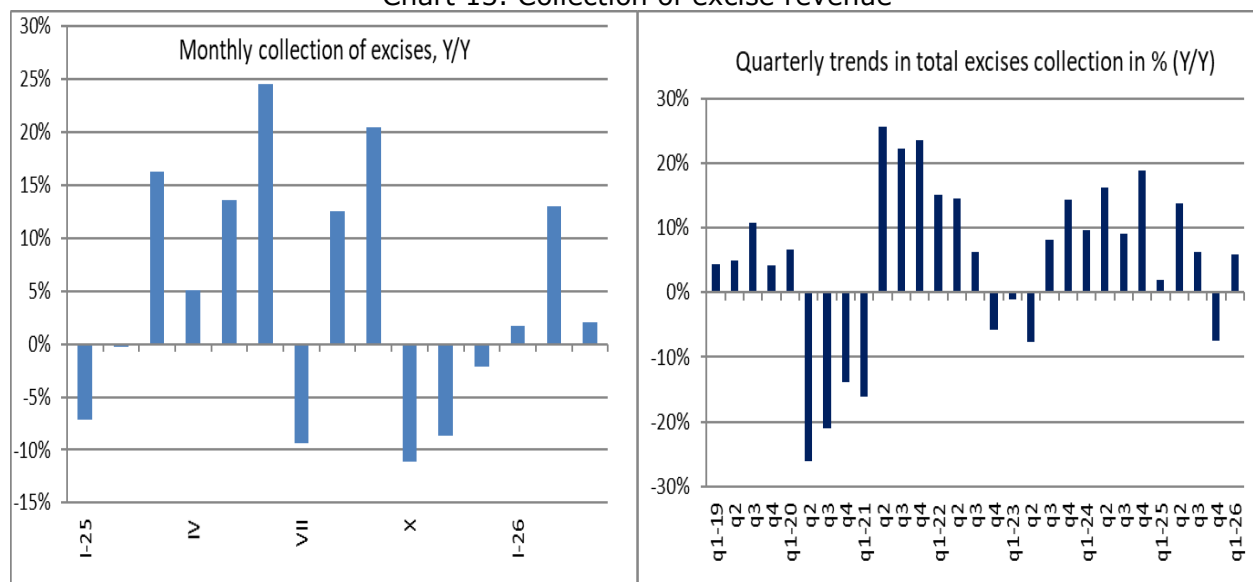
Source: Indirect Taxation Authority of B&amp;H, calculation and presentation of the MAU

## 2. Excise duties

### 2.1. Total excise duties

After poor excise tax collection in the last few months of 2025, positive growth rates were achieved in the first three months of 2026, with a maximum in February of 13% (Chart 13, left), leading the cumulative quarterly growth to 5.6% (Chart 13, right). This is a continuation of the positive growth in excise tax revenues since the second half of 2023, except for a negative episode in the fourth quarter of 2025.

Chart 13. Collection of excise revenue



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

The projected amount of net revenue from excise taxes in 2026 is 1,948.5 million BAM, which is 1.3% more than the amount realized in 2025 (Box 3). The projection is based on current collection trends, the historical seasonal collection pattern of individual categories of excises (which does not include years with specifics), and movements and projections of macroeconomic indicators.

#### Box 3: Excise revenue projections

	2025	2026	2027	2028	2029
Projections, million BAM	1.923,4	1.948,5	2.018,0	2.087,5	2.166,7
Projections, % of growth		1,3%	3,6%	3,4%	3,8%
Projections, % of GDP	3,2%	3,1%	3,1%	3,0%	2,9%

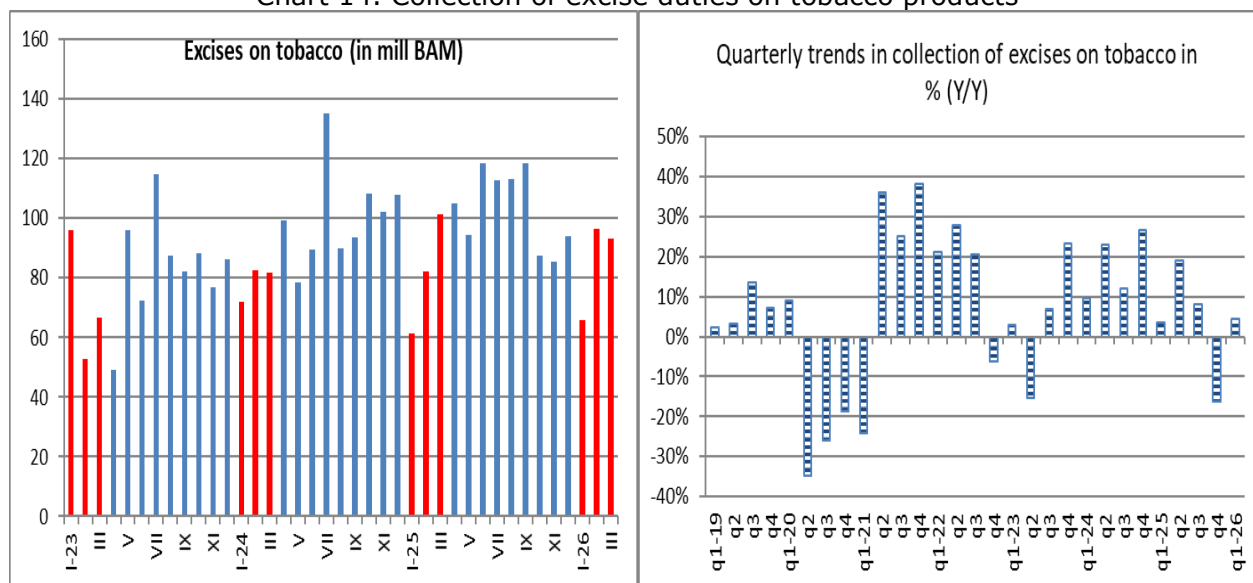
Based on projections for the year 2026 and projections of macroeconomic indicators, stable growth rates of excise revenue are projected for the following years (3.6% in 2027, 3.4% in 2028 and 3.8% in 2029).

## 2.2. Excise duties on tobacco products

### *Excise duties on tobacco products*

The analysis of the structure of excise revenues shows that the surplus, which was realized in the collection of excise revenues in the first quarter of 2026 compared to the same quarter of 2025, originates to the greatest extent from the collection of excise taxes on oil derivatives. This is an unusual trend considering the dominant share of excise duties on tobacco products in total excise duties collected. Apart from the fact that the start of the war with Iran encouraged the import of oil derivatives, the reason for the reduction in the effects of excise duty on tobacco products is the deterioration of trends that began in October 2025 and has continued in the first quarter of 2026. After a very poor collection of excise duties on tobacco in the fourth quarter of 2025, in January 2026, a 7% increase in revenue from excise duties on tobacco products was achieved, and in February of 17.4%. However, in March, there was again a drop in collection of -8% (Chart 14, left).

Chart 14. Collection of excise duties on tobacco products



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

There are several possible reasons for the large drop in excise duty collection in the fourth quarter of 2025. The first reason is the effect of a higher statistical base from 2024, but also the growth of the market for e-cigarettes and other tobacco products that are not covered by excise taxation should not be ignored. One of the reasons is the correction of the tobacco companies' sales policy, which was obviously significantly below expectations, bearing in mind that even in the first quarter of 2026 there was no significant import of tobacco products, which resulted in a modest growth in excise duty collection of 4.3% (Chart 14, right). It should be borne in mind that the market in B&H is held by three tobacco corporations, and any change in business policies or *ad hoc* business decision according to the current assessment of the market situation by the management of these corporations inevitably affects the total collection of excise taxes on tobacco products, which results in strong oscillations in collection. One of the factors that could affect the collection of excise taxes on tobacco products is the increase in retail prices of cigarettes. In the first quarter of 2026, retail prices were increased on several occasions,<sup>15</sup> which could have stimulated higher imports of cigarettes at the old prices, and thus the collection of excises in February, before the application of the new prices, but it could also have a negative effect on demand in the country and, consequently, on the import of cigarettes and the collection of excise duty in March after the price increase.

#### *Projections of excise taxes on tobacco products for 2026*

The basic starting point for projections of revenues from excise taxes on tobacco products for 2026 are the current trends in the collection of excise taxes on tobacco products, which are characterized by large fluctuations. Unlike the projections for previous years, the historical trends in the collection of excise duties on tobacco products cannot be a reliable starting point for projections after the change in the excise duty payment regime in 2023, which led to a structural break in the data series and the loss of direct correlation between the collected excise revenue and data on the quantities, prices and value of the cigarette and tobacco market from the records of excise stamps issued for tobacco products. Bearing in mind all the limitations, starting from current trends in the collection of excise taxes on tobacco products and current trends on the

<sup>15</sup> In the first quarter of 2026, the retail prices of certain cigarette brands of the two largest tobacco corporations were increased on February 13, 2026 and February 19, 2026 and of third multinational tobacco corporation on March 9, 2026.

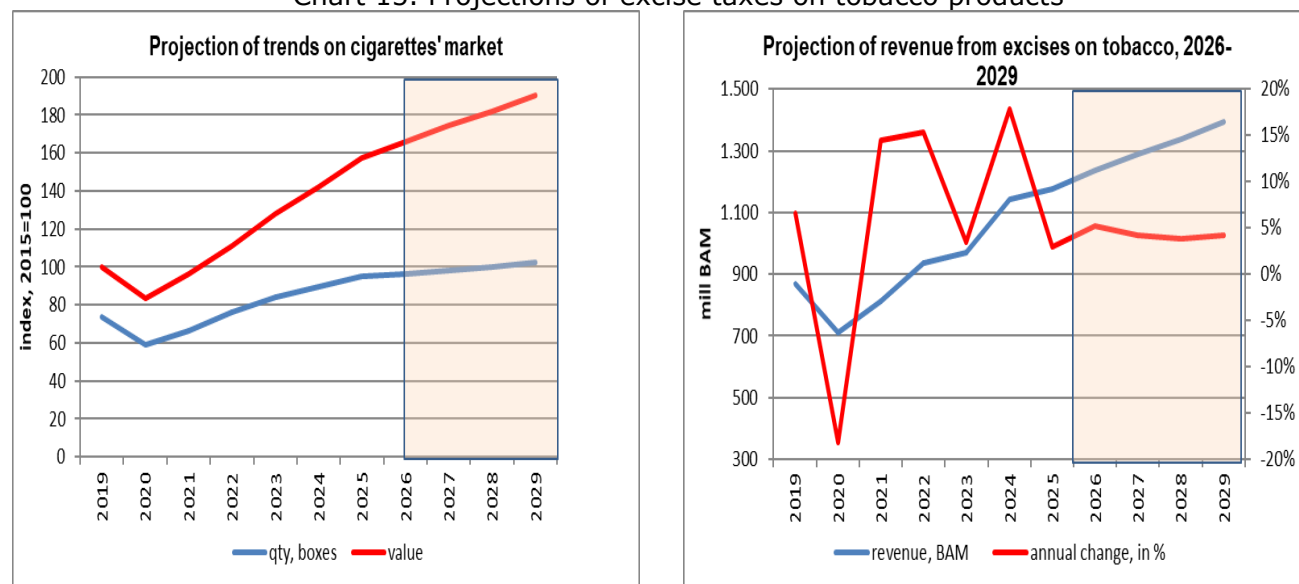


cigarette market in B&H in the first quarter of 2026, assuming that the total increase in the weighted average price of cigarettes in 2026, including the increase in retail prices of cigarettes in the first quarter of 2026, will be in line with the projections of the consumer price index of DEP, amounting to a maximum of 4.1%, in 2026, a 5.3% increase in excise duty on tobacco products can be expected.

### *Projections of excise taxes on tobacco products for the period 2027-2029*

An important factor in the realization of excise tax collection projections is the unchanged excise policy and the continuous fight against the black market of cigarettes and tobacco in Bosnia and Herzegovina. In the next three years, stabilization of the political situation in the world and stabilization of commodity exchanges and prices on the world market, recovery and growth of the economy, income and consumption in accordance with macroeconomic projections are expected. The growth of the market should follow the macroeconomic projections of consumption, which, along with the growth of the weighted average price in accordance with DEP's projections of the consumer price index, should lead to a further increase in the value of cigarette sales and taxed amounts of cigarettes (Chart 15, left). Under the aforementioned assumptions, in 2027, 2028 and 2029, revenues from excise taxes on tobacco products can be expected to grow by 4.2%, 3.8% and 4.1% (Chart 15, right).

Chart 15. Projections of excise taxes on tobacco products



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

## 2.3. Excises on oil derivatives

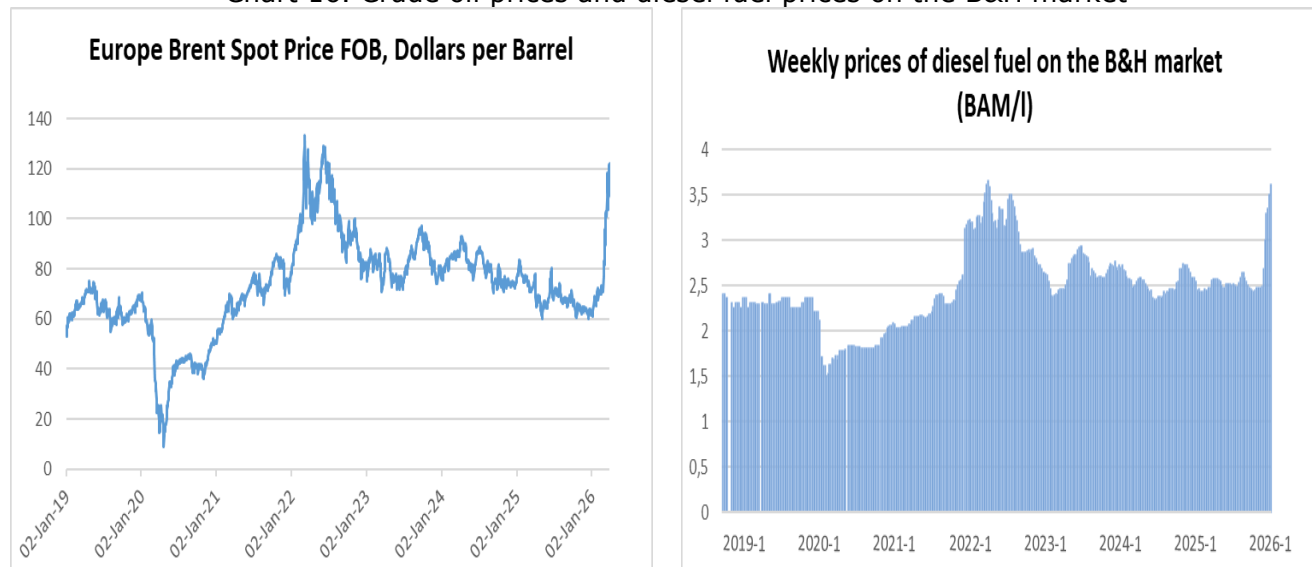
### *Weekly prices of diesel fuel on the B&H market*

Chart 16 (right) shows the weekly prices of diesel fuel<sup>16</sup> in Bosnia and Herzegovina in the period from 2019 to the 16<sup>th</sup> week of 2026, which mainly follow the dynamics of crude oil prices. After a period of extremely stable prices in 2019, diesel fuel prices on the B&H market fell sharply in the spring of 2020, as a result of the corona virus pandemic. In the 21<sup>st</sup> week of 2020, the price of diesel fuel was only 1.5 BAM/l. From the 22<sup>nd</sup> week of 2020, the prices of diesel fuel recorded a stable growth trend, which was maintained throughout 2021. At the end of 2021, the average

<sup>16</sup> Only data for diesel fuel is shown because after the 19<sup>th</sup> week of 2022, the reporting of prices for fuel 95 BMB and 98 BMB on the website of the Foreign Trade Chamber of B&H was discontinued.

weekly price of diesel fuel was 2.3 BAM/l. The events in Ukraine influenced the intensification of the price growth trend in 2022. The average prices of diesel fuel reached their maximum of a high 3.7 BAM/l in the 28<sup>th</sup> week of 2022. After that, there was a downward trend in diesel fuel prices until the 21<sup>st</sup> week of 2023, when they amounted to 2.4 BAM/l. This was followed by a rising trend in diesel fuel prices until the 41<sup>st</sup> week of 2023 (2.9 BAM/l), and then, with milder exceptions, a downward trend again until October 2024, when average weekly prices ranged between 2.35-2.40 BAM/l. After that, until the 10<sup>th</sup> week of 2026, diesel fuel prices were relatively stable and ranged between 2.35-2.75 BAM/l. The war in the Middle East brought a huge increase in crude oil prices (Chart 16, left). According to the data of the Foreign Trade Chamber of BiH, from the 11<sup>th</sup> week of 2026, there was a huge increase in diesel fuel prices. According to the latest available weekly data for 2026, the average prices of diesel fuel in B&H in the 16<sup>th</sup> week of 2026 amounted to 3.62 BAM/l.

Chart 16. Crude oil prices and diesel fuel prices on the B&H market



Source: Presentation of the MAU based on data from U.S. Energy Information Administration (chart on the left) and the International Road Transport Union taken from the website of the Foreign Trade Chamber of B&H (chart on the right)

### *Structure of the base for excise duties on oil derivatives*

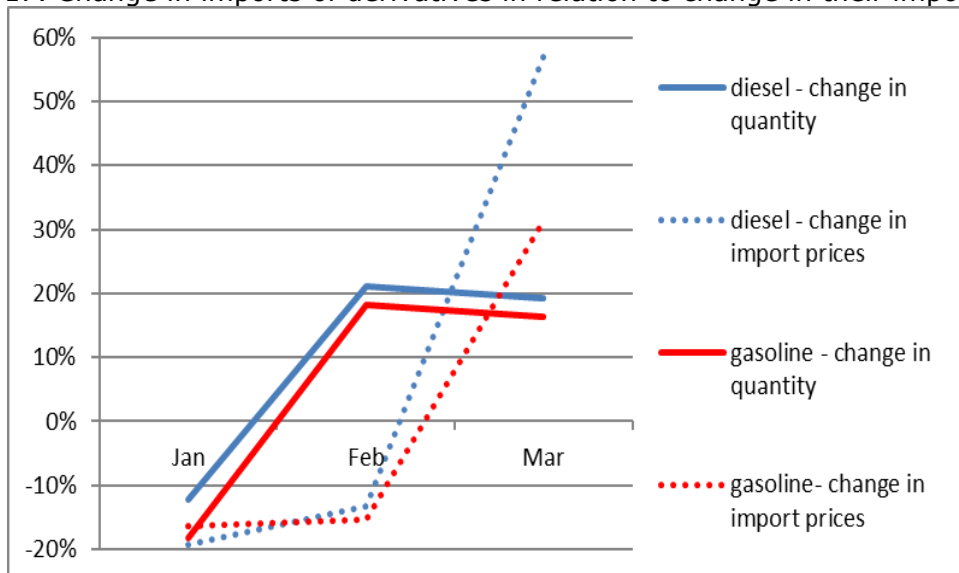
The import of oil derivatives in 2025 reached the amount of 1.97 billion liters and is 3.2% higher than in 2024. Observed by types of derivatives, the import of diesel fuel was higher by 4.1%, gasoline by 6.8%, while the import of other derivatives (heating oil, kerosene, LPG) was lower by 13.6% compared to the previous year.

In the first quarter of 2026, the import of derivatives amounted to 442 million liters and is higher by 7.9% compared to the same quarter of the previous year. Observed by types of derivatives, the import of diesel fuel was higher by 9.2%, gasoline by 5.1%, while the import of other derivatives (heating oil, kerosene, LPG) was lower by 8.1% compared to the previous year.

Considering the large increase in the prices of imported derivatives in March 2026, it is interesting to look at the monthly dynamics within the first quarter of 2026 (Chart 17). In the month of January, import prices were below last year's prices for both derivatives, diesel and gasoline, and their import to Bosnia and Herzegovina in liters also fell. In February, the prices of imported derivatives were also below last year's, and the growth rates of their import in liters were positive. In March, import prices rose sharply compared to the previous year, especially for diesel fuel (over 50%). Contrary to the law of demand, the import of oil derivatives in Bosnia and Herzegovina also

increased in March (diesel fuel +19.3%; gasoline +16.3%), as a response of distributors to uncertainty and the constant rise in crude oil prices on world markets.

Chart 17. Change in imports of derivatives in relation to change in their import price

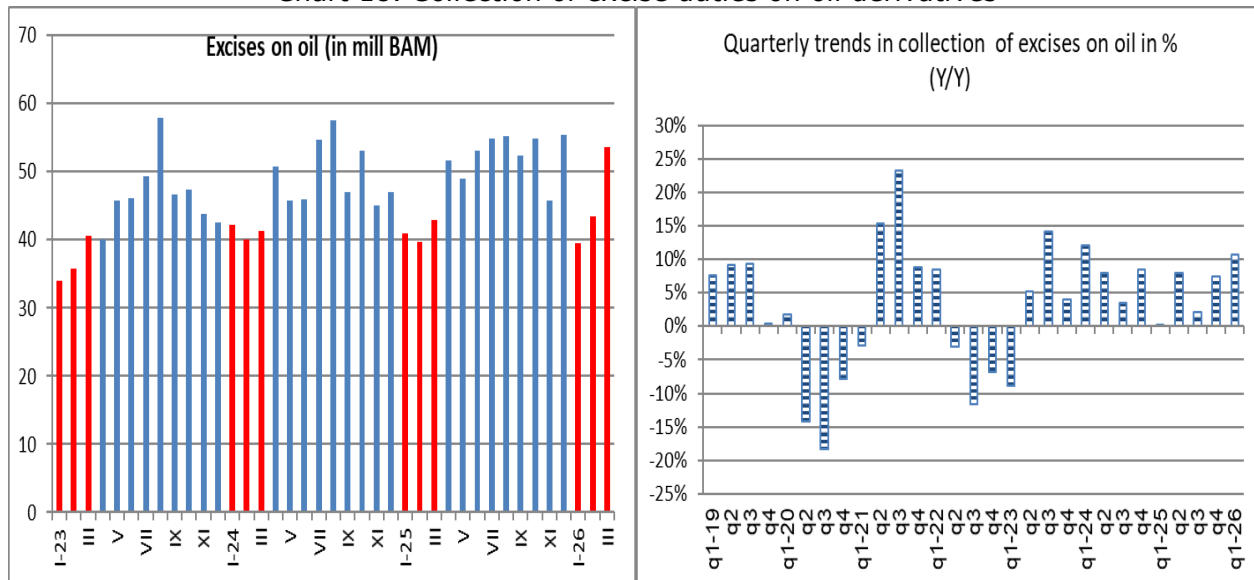


Source: Indirect Taxation Authority of B&H, calculation of the MAU

#### Projections of excise duties on oil derivatives for 2026

Collection of excise duties on oil derivatives is traditionally lower at the beginning of the fiscal year. In January 2026, a decrease of -3.4% was recorded in revenues from excise duties on oil derivatives. However, after a bad start, growth of 9.4% was achieved in February, and as much as 25.1% in March, due to a large increase in the import of oil derivatives (Chart 18, left). The increase in collection in February canceled the deficit from January, and the huge increase in collection in March brought a growth of 10.6% in the first quarter of 2026 (Chart 18, right).

Chart 18. Collection of excise duties on oil derivatives



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

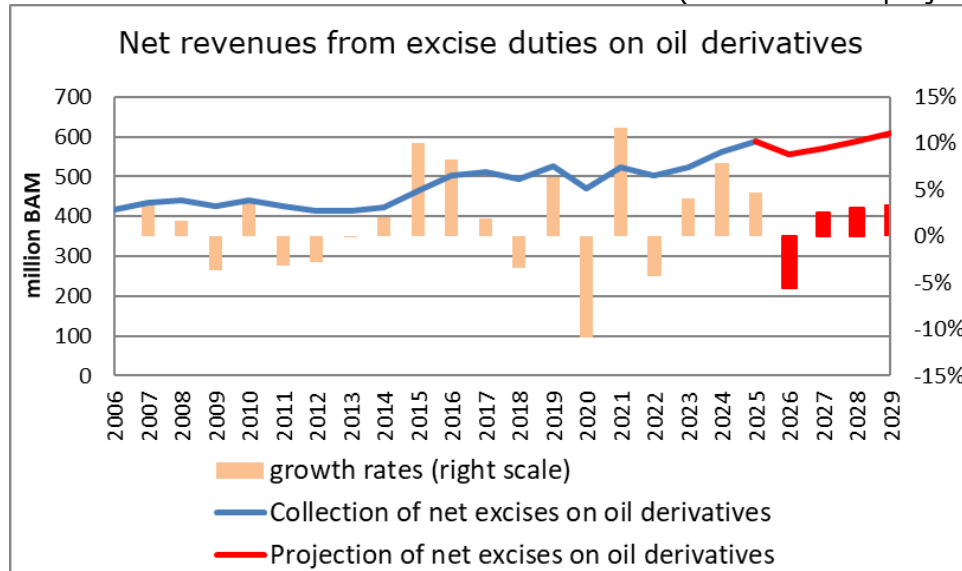
Considering all of the above, and based on projections of macroeconomic indicators, price movements on the world oil market and prices of derivatives on the B&H market, price elasticity of demand for derivatives, and recent trends in excise duty collection and a seasonal collection pattern that does not include years with specificities, the projected growth rate of net revenue from excise duties on oil derivatives for 2026 is negative and amounts to -5.6%.

#### *Projections of excise duties on oil derivatives for 2027-2029*

Strong price turbulences in the past period together with the movements of relevant macroeconomic indicators determined the consumption of oil derivatives on the B&H market, and thus the collected revenues from excise duties on oil derivatives, which have a significant share in the total revenues from indirect taxes. Since the consumption of oil derivatives is price inelastic,<sup>17</sup> the net revenues from excise duties on oil derivatives were relatively stable.

Projections of excise duties on oil derivatives for the period 2027-2029 follow the projections of relevant macroeconomic indicators. In 2027, 2028 and 2029, stable growth rates of revenues from excise duties on oil derivatives are planned: 2.6%, 3% and 3.4%, respectively (Chart 19).

Chart 19. Net revenues from excises on oil derivatives (collection and projections)



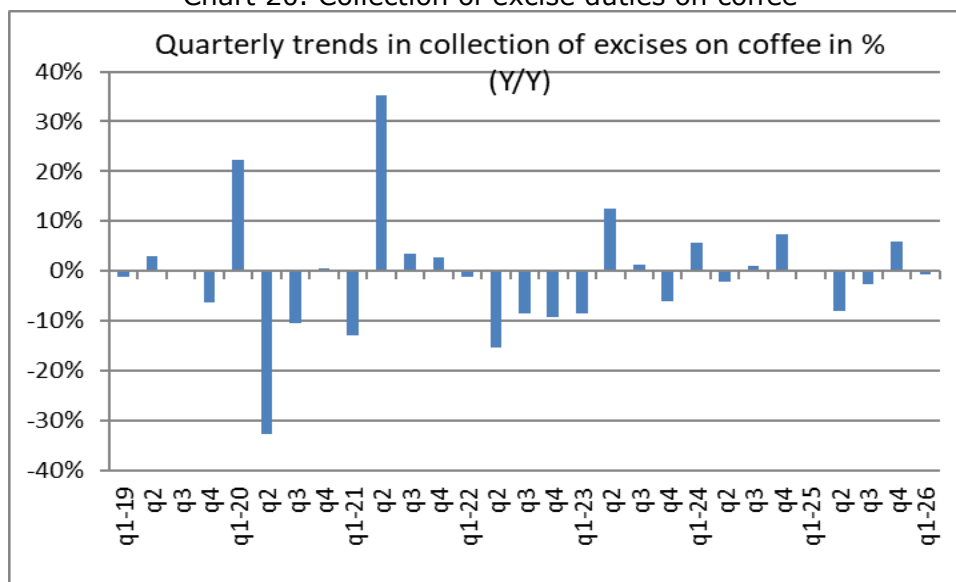
Source: ITA data and MAU projections

## 2.4. Other

In the first two months of 2026, negative trends were recorded in the collection of excise duties on coffee. At the level of the first two months, the cumulative drop in the collection of excise duties on coffee amounted to -13.2% (Chart 20). However, in March there was a strong growth in the collection of excise duties on coffee of 22.7%, which canceled the deficit from the first two months of 2026.

<sup>17</sup> Calculation of the elasticity of demand for oil derivatives in B&H is available in MAU Bulletin No 237/238, [www.oma.uino.gov.ba](http://www.oma.uino.gov.ba)

Chart 20. Collection of excise duties on coffee

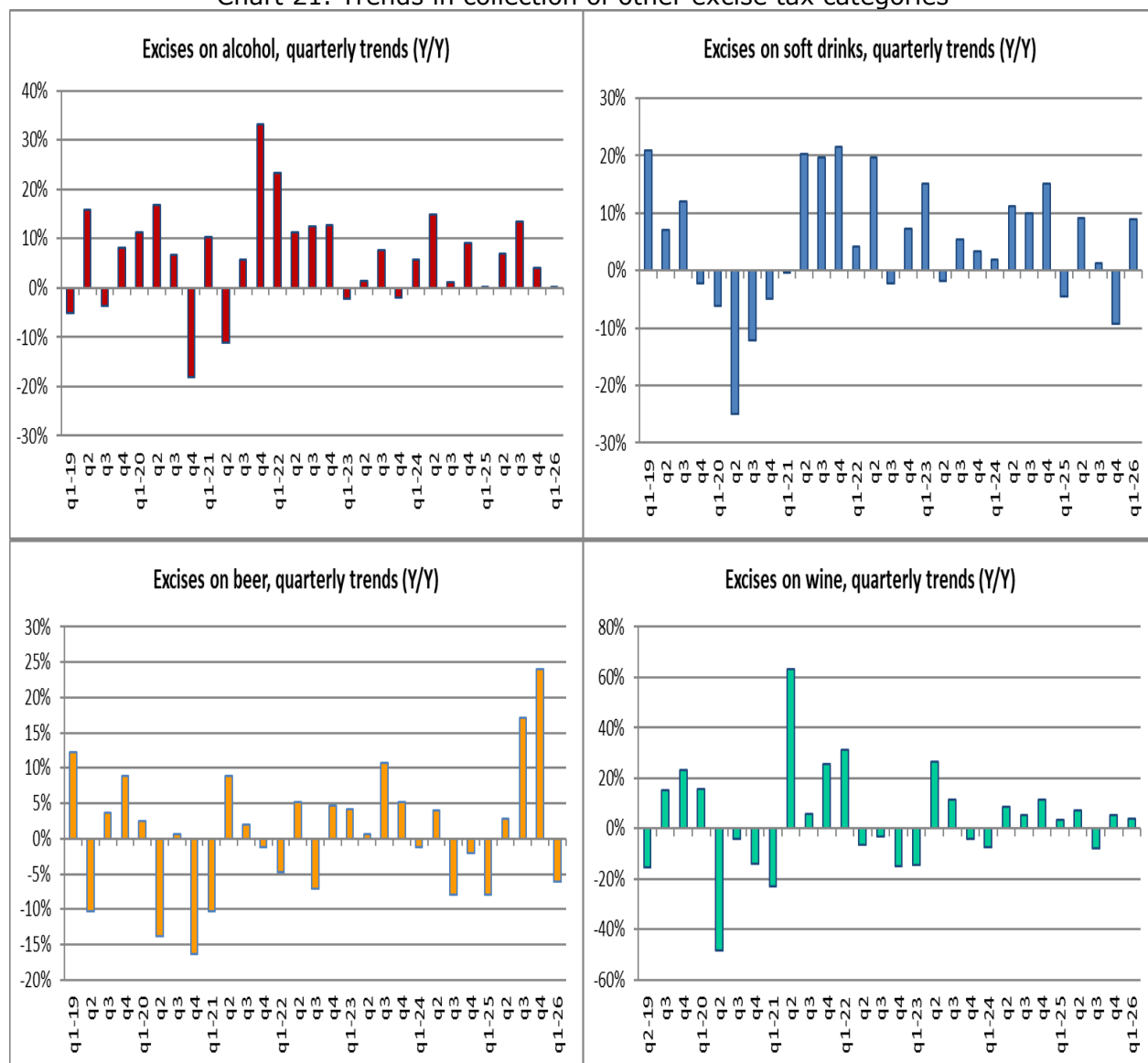


Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

The collection of excise duties on the group of products consisting of beer, wine, alcohol, alcoholic and soft drinks in the first quarter of 2026 was 0.4% higher than the collection in the same period in 2025. However, the trends within the structure of excise duties collected by type of product were different depending on the type of product. A positive quarterly growth of 4% was achieved in the collection of excise duties on wine, which have a minor share in the total amount of excise duties collected on products from this group, and in the collection of excise duties on soft drinks of 9%. The collection of excise duties on alcohol and alcoholic beverages was at the level of the collection from the same period in 2025. On the other hand, in the collection of excise duties on beer, there was a decrease in revenue of -6.1%, (Chart 21).

Revenues from other categories of excise taxes (alcohol and alcoholic beverages, beer, wine, soft drinks and coffee) do not have a significant share in total revenues from excise taxes. Their projections are made separately for each excise product category, and are based on the historical seasonal collection pattern of individual excise categories (which does not include years with specifics), collection in the first quarter of 2026, and movements and projections of macroeconomic indicators. The projected growth rate of all other excise revenue for 2026 is -2.4%. The rate is negative due to the high base in 2025, due to the fact that in 2025, in two months, there was an enormous growth in the collection of excise taxes on domestic beers, which can be explained by the collection of old debt. In 2027, 2028 and 2029, stable growth rates of the group of other excise tax categories are planned at the following rates: 2.1%, 2% and 2.4%, respectively.

Chart 21. Trends in collection of other excise tax categories



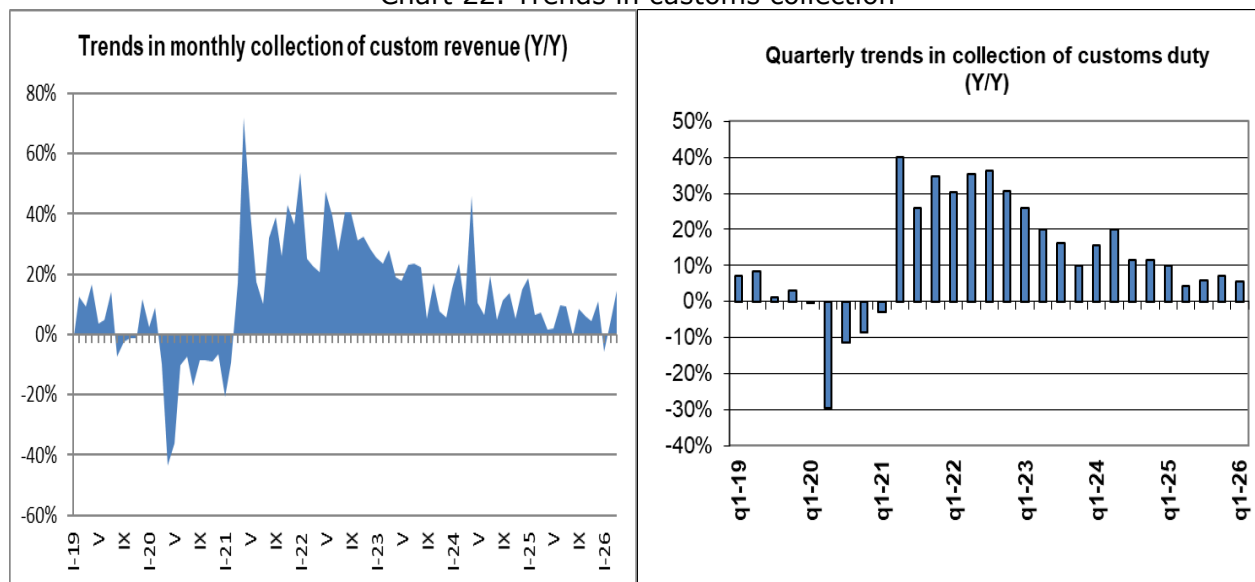
Source: Indirect Taxation Authority of B&amp;H, calculation and presentation of the MAU

### 3. Customs

#### 3.1. Projections of revenues from customs duties for 2026

For the first time, after five years of positive monthly growth rates, in January 2026, a drop in customs revenue of -5.9% was recorded. However, a 4.9% increase in customs revenue was achieved already in February, and 14.4% in March (Chart 22, left). The positive growth trend canceled out the drop in January collection, and at the level of the first quarter of 2026, a growth of 5.5% was achieved (Chart 22, right). Quarterly comparisons of customs revenue collections show a continuation of the downward growth trend compared to previous years.

Chart 22. Trends in customs collection



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

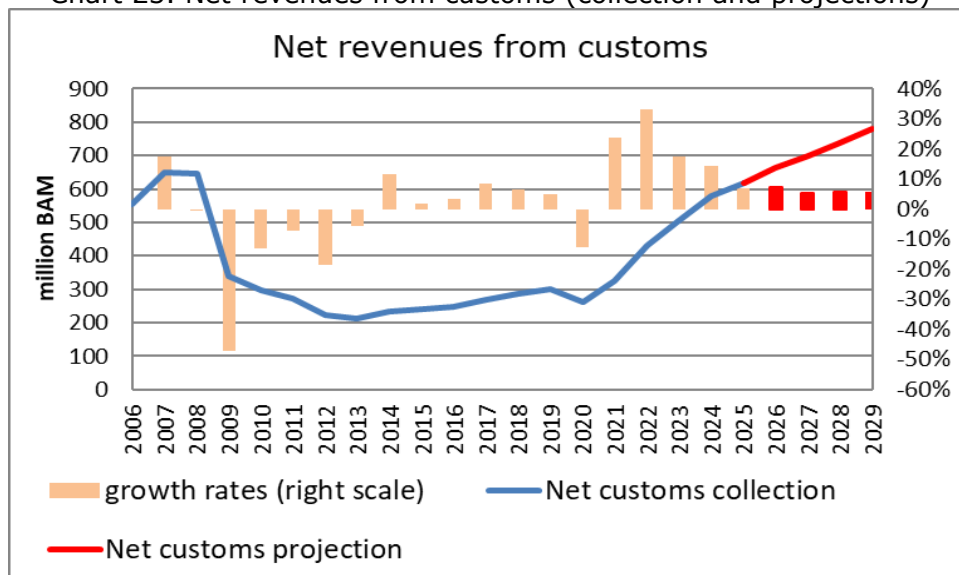
According to ITA data, in the period from January to March 2026, an import growth rate of 0.4% was achieved compared to the same period of the previous year. According to DEP's projections, a higher import growth rate of 4.2% will be achieved at the annual level. Taking into account the trends in the collection of customs revenues and import trends, for 2026, net customs collection is projected in the amount of 664.6 million BAM, which is 7.3% more than the collection in the previous year.

#### 3.2. Projections of revenues from customs duties for the period 2027-2029

Liberalization of foreign trade has led to a sharp drop in customs revenues. From 650.4 million BAM in 2007, net revenues from customs fell to only 211 million BAM in 2013. Since 2014, a six-year trend of slight growth of these revenues has been recorded, reaching the level of 300.6 million BAM in 2019.



Chart 23. Net revenues from customs (collection and projections)



Source: ITA data and MAU projections

In 2020, with the coronavirus pandemic, net revenues from customs fell again to 262.2 million BAM. In the period 2021-2025 there was a strong recovery, and in 2025 they amounted to 619.4 million BAM.

Projections of customs revenues (Box 4) are based on collection trends, and follow projections of import trends. In 2027, a growth rate of 5.2% is planned for customs revenue, while in 2028 and 2029 a same rate of 5.6% is projected (Chart 23).

Box 4: Customs revenue projections

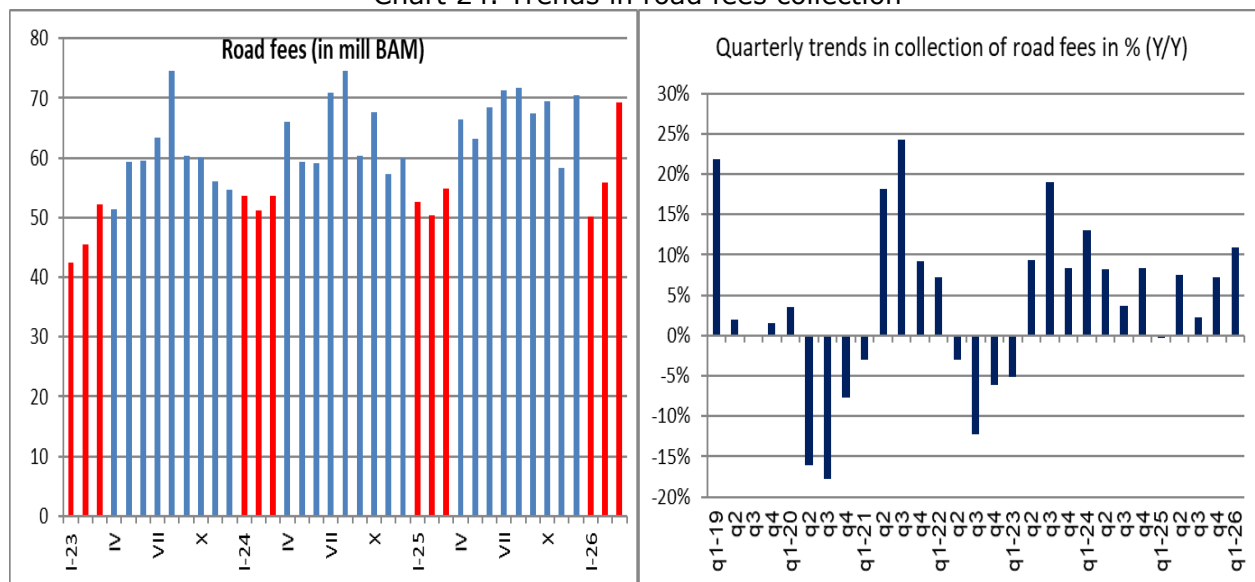
	2025	2026	2027	2028	2029
Projections, million BAM	619,4	664,6	699,1	738,3	779,6
Projections, % of growth		7,3%	5,2%	5,6%	5,6%
Projections, % of GDP	1,0%	1,1%	1,1%	1,1%	1,1%

## 4. Road fee

### 4.1. Road fee revenue projections for 2026

Collection of excise duties on oil derivatives and road fees have similar trends, although there are differences in the scope of taxation. In January 2026, a drop in road fee revenue of -4.6% was recorded. However, a growth of 10.6% was achieved in February, which canceled out the decline in January and resulted in a two-month growth of 2.9% (Chart 24, left). Similar to the trend in excise duties on oil derivatives, a record growth of 26.1% in road fee revenue was achieved in March, which resulted in a quarterly growth rate of 10.9%.

Chart 24. Trends in road fees collection



Source: Indirect Taxation Authority of B&H, calculation and presentation of the MAU

The projected amount of net road fee collection in 2026 is 700.2 million BAM, which is 8.3% less than in the previous year. The negative rate of road fee growth in 2026 is the result of the predicted decline in the consumption of derivatives due to price growth, and a higher base in the previous year due to the predicted re-application of the exemption from paying road fees to taxpayers who are enabled by the Law on Excises, starting from 2026.<sup>18</sup>

### 4.2. Road fee revenue projections for the period 2027-2029

The long-term dynamics of road fee revenues were most affected by changes in taxation rates. Until 2009, the share of road fee revenues was not significant in indirect tax revenues. With the introduction of the earmarked road fee rate in the middle of 2009<sup>19</sup>, road fee revenues have a more significant share in indirect taxes. Observed in absolute terms, in the period 2009-2014, net road fee revenues were in the range between 250.2 and 307 million BAM. With the drop in oil prices on the world market and the prices of oil derivatives on the B&H market, in 2015, road fee revenues increased. In the period 2015-2017, net road fee revenues were in the range between 320.5 and 382.7 million BAM. In February 2018, the earmarked road fee rate increased,<sup>20</sup> and net

<sup>18</sup> More in Part I: "Basics and assumptions of indirect tax revenue projections"

<sup>19</sup> In mid-2009, the new Law on Excises introduced the earmarked road fee for highways, in the amount of 0.10 BAM/l. This increased the total road fee rate from 0.15 BAM/l to 0.25 BAM/l.

<sup>20</sup> With the amendments to the Law in 2017 (implemented as of February 2018), the article regulating the base and amount of the road fee was changed. The earmarked road fee rate increased from 0.10 BAM/l to 0.25 BAM/l, and was

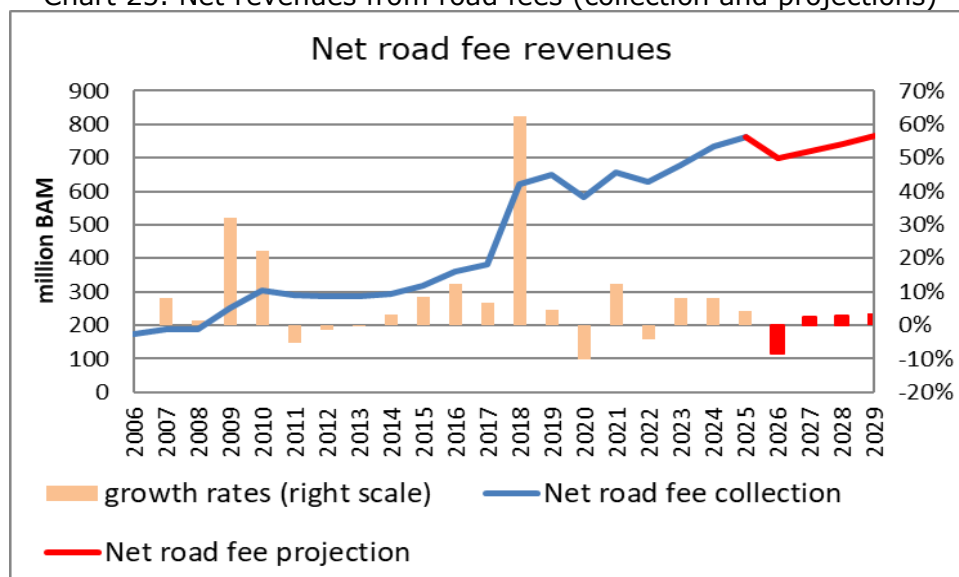
road fee revenues recorded a sharp jump in collection. In the period 2018-2023, they were in the range between 584 and 677.7 million BAM. The significant fluctuation in this period was a consequence of restrictive measures in the fight against the corona virus, the war in Ukraine and the resulting huge fluctuations in the prices of oil on the world market and oil derivatives on the B&H market. In 2025, road fee revenues amounted to 763.9 million BAM.

Road fee revenue projections follow the projections of relevant macroeconomic indicators. In 2027, 2028 and 2029, road fee revenue growth rates of 2.6%, 3% and 3.4% are planned, respectively (Box 5 and Chart 25).

**Box 5: Road fee revenue projections**

	2025	2026	2027	2028	2029
Projections, million BAM	763,9	700,2	718,4	740,0	765,2
Projections, % of growth		-8,3%	2,6%	3,0%	3,4%
Projections, % of GDP	1,3%	1,1%	1,1%	1,1%	1,0%

**Chart 25. Net revenues from road fees (collection and projections)**



Source: ITA data and MAU projections

divided into 0.20 BAM/l for the construction of highways and 0.05 BAM/l for the construction and reconstruction of other roads. This increased the total road fee rate from 0.25 BAM/l to 0.40 BAM/l.

## IV RISKS

Considering the enormous unknowns at the time of making projections about the further development of the international situation related to war events in the world and the assumptions used (DEP, macroeconomic projections), we point out that there are significant risks for the realization of projections of indirect tax revenues. Given the basic assumptions of indirect tax projections and overall economic conditions in B&H and in the world, realization of the projected level of revenues from indirect taxes in the period 2026-2029 is subject to the following risks: (1) all risks for the realization of projected macroeconomic indicators (DEP) and (2) risks related to the collection of revenues from indirect taxes and fight against the grey economy.

### 1. Macroeconomic risks

Projections of indirect tax revenues are closely related to the projections of macroeconomic indicators of DEP. All risks mentioned by DEP in their projections automatically represent risks for the projections of indirect taxes, since any deviation of the realization of DEP's parameters from their projected values inevitably leads to deviations from the projected indirect tax revenues.

### 2. VAT refund on the purchase of the first residential building

Amendments<sup>21</sup> to the Law on VAT introducing the right to a VAT refund on the purchase of a first residential property entered into force on April 12, 2025. Although the amendments to the Law envisage the adoption of amendments to the Book of Rules on the Implementation of the Law on VAT within 60 days, which will specify the conditions for the application of the right to a VAT refund, due to the complexity of the matter, consideration of all possible situations that may arise in practice and the implementation of the mandatory e-consultation procedure, at the time of preparing the projections of indirect tax revenues, amendments to the Book of Rules have not been adopted, so the rules for calculating refunds are not known, nor is the start of VAT refund payments known. For this reason, it is not possible to estimate the static effects on the collection of indirect taxes in terms of losses of VAT revenues. However, the dynamic analysis for the next years should take into account estimates of macroeconomic indicators and the price elasticity of demand for apartments. **A possible risk of elastic demand for apartments is the neutralization of the positive effects of VAT refunds for individuals.** Given that this is a significant amount of relief, the increase in demand for apartments caused by the right to a VAT refund may result in an increase in apartment prices, which may deter potential buyers from purchasing apartments (by postponing or abandoning the purchase), as well as other buyers who would not be entitled to a VAT refund. This could ultimately nullify the relief granted to apartment buyers, thereby defeating the main objective of amending the VAT Law.

### 3. Road fee exemptions

According to the Law on Excises, mines, thermal power plants and railways in Bosnia and Herzegovina are exempt from paying road fees. In 2023, the State Aid Council determined that the said relief constituted state aid, and ordered the beneficiaries of the relief (mines and thermal power plants) to return the relief received, which implies the payment of road fees for 2022 at the Single Account of the ITA.<sup>22</sup> After that, the application of exemption from road fee payment for users of the relief was suspended, which resulted in higher collection of road fee revenues. Acknowledging the judgments of the Court of Bosnia and Herzegovina, after the ex post control procedure, the State Aid Council issued a final decision<sup>23</sup> which determined that the exemption from paying road fee for mines, thermal power plants and railways does not constitute state aid.

<sup>21</sup> Official Gazette of B&H No. 20/25 of April 4, 2025.

<sup>22</sup> Official Gazette of B&H No. 49/23 and Official Gazette of B&H No 63/23

<sup>23</sup> Official Gazette of B&H No. 23/26 as of March 27, 2026.

Bearing in mind that at the time of preparing the projections, the total exempted amount of diesel, the final amount of paid road fee and the dynamics of refund payments are unknown, the **projections of road fee revenues for the period 2026-2029 do not include refund payments of road fees to benefit users for the period 2023-2025.**

As in the October 2025 projections, we point to the magnitude of the negative impact of refund payments to taxpayers who are enabled by the Law on Excises. According to data<sup>24</sup> from 2022, the last year in which road fee exemptions were applied to mines and thermal power plants, 22 economic entities and two entity railways took advantage of the relief. The amount of diesel that was exempted from road fee in the mentioned year and that was used by the users of the relief was 57.6 million liters, from which it follows that the exemption of road fee amounted to 23 million BAM. The road fee exemption did not apply in 2023, 2024 and 2025, and part of 2026. Therefore, the maximum negative amount of road fee refund for the mentioned three years would amount to 69 million BAM, based on data from 2022 and while maintaining the same volume of business activities of mines and thermal power plants in the past three years. The following specificity of a possible road fee refund should also be taken into account, related to the structure of revenues from indirect taxes and the distribution system. Tax payers pay a "budget" road fee in the amount of 0.15 BAM per liter and a earmarked road fee in the amount of 0.25 BAM per liter. This implies that in the event of a refund, 40% of the road fee refund should be charged to the current road fee collection at the Single Account of the ITA, which is directly reflected on the entity and District budgets, and 60% from the earmarked road fee (current collection or accumulated on a sub-account with the Central Bank of B&H), which is reflected in the financing of highways.

#### 4. Abolition or reduction of excise duties on oil derivatives

The war in the Middle East brought great instability to the energy market. Since the beginning of the war, there has been a sudden jump in the price of crude oil on the world market. On March 16, 2026, the House of Representatives of the Parliamentary Assembly of B&H adopted the Proposal of the Law on Amendments to the Law on Excise Taxes in B&H, which foresees that in the event of market disruption or other justifiable reason, the Council of Ministers of B&H may make a decision on the temporary abolition or reduction of the amount of excise duty on oil derivatives, in order to mitigate the impact of global instability on the B&H economy. The decision would be made for a maximum period of six months during one calendar year. Although the House of Peoples has not yet adopted the amendments to the Law, due to similar initiatives from the academic and professional public, it is necessary to analyze the potential effects of the mentioned legislative changes on the collection of revenues from indirect taxes.

The collection of excise duties on oil derivatives is extremely important for the collection of revenues from indirect taxes and fiscal stability in B&H. **In 2025, 595.6 million BAM of gross revenue was collected from excise duties on oil derivatives. When the associated refunds are deducted, the net amount is 590 million BAM.** If we look at the share in indirect taxes, we can conclude that revenues from excise taxes on oil derivatives accounted for 5.9% of net revenues from indirect taxes in 2025. With the associated VAT revenues, that percentage amounted to 7% of the net revenues from indirect taxes.

Below are presented the results of the MAU analysis in the case of the temporary abolition of excise duties on oil derivatives, namely static and dynamic effects.

**Static effects** imply a hypothetical situation of abolishing excise duties on oil derivatives under conditions of unchanged prices and consumption. This calculation can serve as a basis for further analysis.

<sup>24</sup> Source: ITA report on the implementation of the Decision on the quantities of diesel fuel on which road fees are not paid for the year 2022, by exemption beneficiaries.

**Dynamic effects** take into account changes in conditions on the derivatives market: price movements, price elasticity of demand and movements in consumption of derivatives.

#### 4.1. Static effects

If the net collection of excise duties on derivatives in 2025 is taken as the basis, the calculation shows that the average monthly net effects would amount to -49.2 million BAM. **With the associated VAT, that amount would reach about -57.5 million BAM per month.** The effects would be different if in the analysis we take into account pronounced seasonal effects in the collection of excise duties on oil derivatives. The collection of excise duties on oil derivatives is, from a long-term perspective, the highest in the third and the lowest in the first quarter of the year. If the excise tax rates were abolished, for example, in the period from April to September 2026, the static effects, taking into account historical long-term seasonal indices, would amount to -51.6 million BAM per month, and with the associated VAT about -60.4 million BAM.

#### 4.2. Dynamic effects

The MAU has previously analyzed the price elasticity of demand for oil derivatives in Bosnia and Herzegovina, that is, the demand for diesel and gasoline. In the MAU's latest analysis, annual data were taken for the period from 2005 to 2024.<sup>25</sup> Given that these are substitutes, the consumption of diesel fuel and gasoline was analyzed together. To calculate the elasticity, ITA data on the movement of the amount of taxable derivatives, weighted import prices that include the weighted corresponding amount of excise duty and road fee, and data on the gross domestic product in B&H in the specified period were used.<sup>26</sup> Based on the results from the multiple regression model and the formula for calculating demand elasticity,<sup>27</sup> it was calculated that the **average elasticity of demand for oil derivatives (diesel and gasoline) in B&H in the period 2005-2024 was about -0.26314%.** This means that a 10% increase in import prices would lead to a decrease in the consumption of diesel fuel and gasoline by about 2.6314%, **with other factors unchanged.**

Given that the MAU does not have projections of prices of derivatives for the next period, Chart 26 shows a simulation of **monthly** effects<sup>28</sup> of the abolition of excise duties on oil derivatives in conditions of rising prices of derivatives (diesel fuel and gasoline) on the B&H market. It should be emphasized that divergent growth rates of diesel fuel and gasoline prices were applied in the analysis in relation to the year 2025, in accordance with the current developments on the derivatives market in Bosnia and Herzegovina. The price growth rate in Chart 26 refers to the growth of the **weighted** average price of diesel fuel and gasoline compared to the previous year, before the abolition of excise duties. It was calculated for the cases of gasoline price movement in the range of 2.5 BAM/l - 3 BAM/l, and diesel fuel from 2.5 BAM/l to 4 BAM/l, which implies a much higher growth rate of diesel fuel prices compared to the growth rate of gasoline prices.

Unlike static effects which, due to the assumption of the abolition of excise duties on oil derivatives in the conditions of a hypothetical situation of their unchanged prices and consumption, include only the associated amount of VAT that would be calculated on excise duties, dynamic effects, due to the assumption of changed prices and quantities of derivatives, include changes in the total amount of VAT calculated on the value of oil derivatives.

<sup>25</sup> MAU Bulletin no. 237/238, April 2025, [www.oma.uino.gov.ba](http://www.oma.uino.gov.ba)

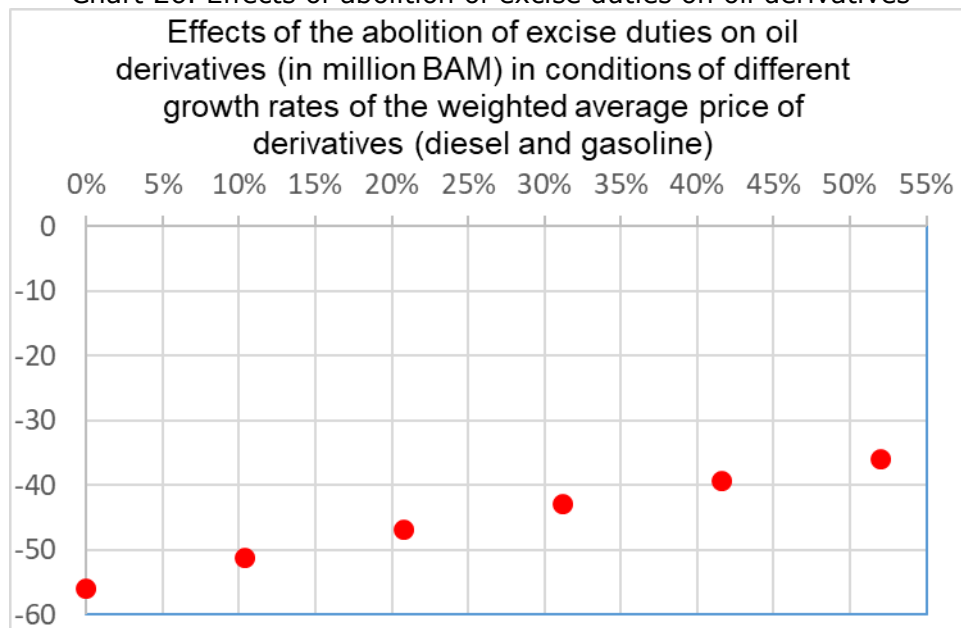
<sup>26</sup> Data from the Agency for Statistics of B&H for the period 2005-2023, and the DEP's projection for 2024 from September 2024.

<sup>27</sup> Elasticity was calculated on the basis of the formula for calculating elasticity using a regression model (the ratio of average prices and quantities from the observed period multiplied by the coefficient for the variable "prices" from the regression model)

<sup>28</sup> The assumption is that the calculated price elasticity from the regression model based on available data on the weighted import prices of diesel fuel and gasoline (which include the weighted corresponding amount of excise duty and road fee) can be applied to the simulation that uses the market prices of diesel fuel and gasoline.



Chart 26. Effects of abolition of excise duties on oil derivatives



Source: Calculation of the MAU based on ITA data

Chart 26 shows the calculated effects (excise duties and changes in total VAT collection on the value of derivatives) of the abolition of excise duties on derivatives (y axis) in conditions of growth in the weighted average derivative price (x axis). It should be borne in mind that, according to the calculated price elasticity of demand for derivatives, in the conditions of rising prices of derivatives on the B&H market, there would be a decrease in consumption and taxable quantities of derivatives, but after a certain rate of price growth, there would be an increase in the taxable value, and thus the total VAT calculated on the sale of oil derivatives. The calculation shows that the collection of total VAT on sales of derivatives at higher prices would somewhat mitigate the effects of the abolition of excise duties. According to the MAU's analysis, the results of which are presented in Chart 26, **the effects of the abolition of excise duties on oil derivatives in conditions of growth in the weighted average price of diesel fuel and gasoline on the B&H market from 0% to 55% would range between -56 million BAM and -36 million BAM per month.**

The slowdown in the growth of revenue losses at higher growth rates of the weighted price of derivatives is a consequence of the specific nature of the excise tax on oil derivatives, as a tax in absolute amount per unit of measure, and the increase in input prices as the basis for VAT. In this way, the abolition of excise taxes loses its importance as a measure to help citizens and the economy. To illustrate, the share of excise duty in pre-crisis diesel prices was 11.8%, while in current prices it is only 7.5%.

In the further analysis, if information is available about the period to which the amendments to the Law refer, **pronounced seasonal effects in the collection of excise duties on oil derivatives should also be taken into account.**

We should also keep in mind the important fact that, **in conditions of unchanged limited disposable incomes of the population, the demand for other goods could decrease when the prices of derivatives rise, and this would be reflected in the reduction of VAT revenue collection on other grounds.**



#### 4.3. Other implications of the abolition of excise duties on oil derivatives

##### i. Implementing rules

It should be emphasized that, for the implementation of amendments to the Law, implementing rules are also necessary, which include:

- rules for dealing with found stocks of derivatives at the moment of entry into force of the amendments to the Law, given that excise duty was paid upon importation of those quantities,
- rules for dealing with stocks of derivatives at the moment of expiry of the period of abolition/reduction of excise duties and reintroduction of excise duties.

Both activities require time to perform stocktaking. Bearing in mind that the refund of excise duty already paid on inventories would be a financial strain to the collection of indirect taxes, allowing the sale of derivatives until the expiration of stocks with excise duty paid would prolong the actual moment of application of the amendments to the Law, thereby reducing the expected effects on the standard of living of citizens and the business operations of the economy. On the other hand, after the expiration of the period of application of the amendments, a sudden increase in retail prices of oil derivatives, due to the inclusion of excise duty and the associated VAT, would represent a major price shock for citizens and the economy, especially since it is a well-known practice of traders to increase retail prices above the amount of the additional tax when introducing or increasing taxes.

##### ii. Long-term economic measures

Considering the above-mentioned aspects and implications of the implementation of the abolition / reduction of excise taxes on derivatives for a limited period,<sup>29</sup> and bearing in mind the global political and economic turbulences, long-term solutions should be sought outside the tax system, as recommended by leading international organizations in situations of the introduction of differentiated or zero tax rates. In the case of B&H, in addition to budget instruments (e.g. subsidies to citizens, regressed fuel,...), it is necessary to adopt necessary, strategic economic measures, such as:

- Formation of commodity reserves of oil derivatives and other strategic consumer goods, which can be used to promptly influence the supply and demand of energy products and other goods on the market;
- The revitalization of entity railways and their inclusion in international railway traffic for the transport of energy and consumer goods, in order to reduce dependence on road transport, which is burdened by high prices of derivatives<sup>30</sup> in Europe and other costs. The mass use of railways for the transport of passengers and goods, besides being more environmentally friendly, should lead to a decrease in the demand for oil derivatives in the country, and act as a stabilizer in times of turbulences on the world market. In this way, ultimately, it would affect the reduction of input prices of goods and services in the country and in the long term ensure employment in the railways;
- The diversification of goods transport modalities should also include the development of river transport on the Sava River and the use of the port of Brčko;
- Encouraging the use of hybrid vehicles with subsidies, tax benefits, registration benefits, etc.<sup>31</sup>

<sup>29</sup> The so-called sunset clause

<sup>30</sup> High prices of derivatives are partly the result of very high excise taxes and VAT rates. According to the data of the European Commission, before the war with Iran, the tax burden on diesel in the EU member states ranged from 0.45 to 0.80 EUR/liter.

<sup>31</sup> At the same time, it is necessary to take care that the increased use of electricity for driving vehicles does not endanger the regular supply of electricity to the population and the economy.

### iii. Legal mechanisms for rapid response

The experiences of EU members regarding the abolition/reduction of excise duties on oil derivatives indicate the need for quick reaction,<sup>32</sup> which is not possible under the circumstances of the current Law on Excises in B&H, because there are no excise warehouses and authorized warehouse keepers, as well as a system for electronic monitoring of excise products. Considering the complex system of decision-making on the policy of indirect taxation in B&H,<sup>33</sup> it would be useful to apply EU legal practice in the field of excise duties, which implies the existence of a set of directives. The set of directives in the EU in the field of excise duties includes the following directives:

- directive on handling excise goods,
- directive on taxation of energy products (oil derivatives, gas, electricity, ..),
- directive on taxation of tobacco products
- directives on the taxation of alcohol, beer and wine.

In the conditions of unanimous decision-making on excise taxes in the EU, the partial approach proved to be effective for application, because (i) the treatment of excise products is separated from the excise policy and (ii) the decision-making on policies for individual groups of excise products is separated. In this way, the possibilities of blocking proposed policy changes are reduced.

## 5. Other risks from the area of indirect taxes

Among the risks that may threaten the realization of projections of collection of revenues from indirect taxes in the area of politics and administration of indirect taxes, we can include the following:

- Weakening of the fight against the black market of tobacco products after the completion of the harmonization of the tax burden on cigarettes in B&H with the EU standards;
- Weakening of the fight against VAT fraud, especially in the area of refunds, which, in a situation of declining employment and insolvency of taxpayers, become attractive for fraud;
- Proposing changes in the policy of indirect taxation such as: zero/differentiated VAT rates, refund of excise duties on oil derivatives for international transport, temporary abolition of customs duties on the import of oil and oil derivatives from third countries, requests for exemption or payment of refunds for traffic in the country, etc.

<sup>32</sup>For example, at the end of March 2026, Italy abolished excise duties on oil derivatives for a period of only 20 days.

<sup>33</sup> According to the Law on the Indirect Taxation System, a consensus of entity ministers of finance in the Governing Board of the ITA in the area of VAT and excise taxes is required to change the policy of indirect taxation in B&H.

## Appendix: Latest projections from international institutions

### i. Projections of the European Central Bank (ECB)

In the latest Macroeconomic Projections of the ECB from March 2026, it is stated that uncertainty reigns again due to the war in the Middle East. The baseline projections of the ECB experts are based on energy price movements as of March 11, 2026. In accordance with the assumptions about energy price movements, that oil and gas prices will reach their highest level in the second quarter of 2026, and that they will then decrease in the following quarters, the baseline projection scenario predicts an increase in inflation, which will adversely affect purchasing power, private consumption and GDP growth, especially in the short term. The document states that the future development of the conflict and its impact on energy prices and consumer prices is very uncertain. Therefore, the ECB's baseline projections are supplemented by alternative, hypothetical scenarios in which different levels of effects of the conflict on the Eurozone economy are assumed. In the baseline projection scenario, an annual real GDP growth rate of 0.9% in 2026, 1.3% in 2027 and 1.4% in 2028 is predicted. In the baseline projection scenario, HIPC inflation is projected to increase from 2.1% in 2025 to 2.6% in 2026, and then decrease to 2.0 % in 2027 and rise to 2.1% in 2028.

In addition to the baseline projections, ECB experts have created alternative, hypothetical scenarios that contain different assumptions about the extent and duration of the energy price shock, its impact on the international environment and uncertainty, and the spread of indirect effects and the second round of effects on inflation. These scenarios are illustrative examples of alternative trends in energy prices and their transfer to the Eurozone economy. The adverse scenario incorporates stronger indirect effects compared to the baseline scenario. It assumes a significantly stronger increase in energy prices, an increase in uncertainty and in adverse international spillovers. Compared to the unfavorable scenario, in the severe scenario, a stronger and longer-lasting energy price shock, greater uncertainty and even stronger indirect effects are assumed. And finally, projections were made based on technical assumptions with a cut-off date of March 4 (taking into account information on the first three working days after the start of the war in the Middle East).

Table 5. ECB: Growth and inflation projections for the Eurozone (annual rates of change)

		December 2025 baseline	March 2026			
			Baseline	Adverse scenario	Severe scenario	Proj. with a cut-off date of March 4
Real GDP	2025.	1,4	1,5	1,5	1,5	1,5
	2026.	1,2	0,9	0,6	0,4	1
	2027.	1,4	1,3	1,2	0,9	1,4
	2028.	1,4	1,4	1,6	1,9	1,5
HIPC	2025.	2,1	2,1	2,1	2,1	2,1
	2026.	1,9	2,6	3,5	4,4	2,3
	2027.	1,8	2	2,1	4,8	1,9
	2028.	2	2,1	1,6	2,8	2
HICP excluding energy and food	2025.	2,4	2,4	2,4	2,4	2,4
	2026.	2,2	2,3	2,4	2,6	2,2
	2027.	1,9	2,2	2,7	3,9	2
	2028.	2	2,1	2,1	2,9	2,1

Source: ECB; Macroeconomic projections, March 2026

*ii. Projections of the International Monetary Fund (IMF)*

The latest IMF projections date from April 2026. The document states that the global economy is facing a major test due to the outbreak of war in the Middle East. On the assumption that the conflict will remain of limited duration and scope, a baseline projection scenario was created according to which the global growth in 2025 was 3.4%, and that the growth rates in 2026 and 2027 will be 3.1% and 3.2%, respectively (Table 6). In addition to projections for the world economy, Table 6 presents IMF projections for the Eurozone.

Table 6. Real GDP growth projections, IMF, April 2026

Baseline scenario	Projection		
	2025	2026	2027
World Output	3,4	3,1	3,2
Euro Area	1,4	1,1	1,2

Source: IMF, World Economic Outlook, April 2025.

The document states that negative risks dominate the projections, and that a prolonged conflict, worsening geopolitical fragmentation, trade tensions and other factors could significantly weaken growth and destabilize financial markets. Two more projection scenarios were created for cases of wider regional instability and significant global disturbances - the so-called "adverse" and "severe" scenarios.

## Trends in excise revenue from beer

(Author: Mirjana Popović, Expert Advisor – Macroeconomist)

### Introduction

*The analysis of excise revenue from beer in Bosnia and Herzegovina (hereinafter: BiH) represents a continuation of the ongoing monitoring of public revenues in the field of indirect taxation<sup>34</sup>, with a particular focus on one specific excise category. Excise revenues from beer hold a stable fiscal significance, but are simultaneously sensitive to changes in consumer habits, price movements, inflation, as well as the relationship between imports and domestic production.*

*The scope of this analysis includes a detailed examination of:*

- Annual collection of total excise revenues from beer, as well as revenues from imported and domestic beer for the period 2021<sup>35</sup>–2025<sup>36</sup>, including the calculation of annual growth rates for 2022–2025;*
- Quarterly collection of total excise revenues from beer, as well as the revenue structure based on imported and domestic beer for Q1 2021–Q4 2025<sup>37</sup>, including quarterly growth rates for Q1 2022–Q4 2025;*
- Monthly collection of total excise revenues from beer and their structure for January 2021–February 2026<sup>38</sup>, including monthly growth rates for January 2022–February 2026.*

*The analysis covers a multi-year time horizon, which enables the identification of long-term trends, cyclical movements, and seasonal effects, as well as the assessment of the stability and dynamics of this segment of excise revenues.*

### Summary

*In the period 2021–2025, excise revenues from beer in BiH exhibit fluctuations resulting from the combined effects of macroeconomic factors, changes in household consumption, price developments, and the balance between domestic production and imports.*

*Annual data indicate oscillations in total revenues with a tendency to grow over the observed period, while quarterly and monthly indicators confirm pronounced seasonal patterns, particularly during periods of increased consumption in the summer months.*

*Structural analysis highlights the relationship between revenues from imported and domestic beer, providing additional insight into market share dynamics and potential changes in consumer preferences. Special attention is given to growth rates, which allow for more precise monitoring of changes from one period to another.*

*The results of the analysis serve as a basis for assessing the stability of beer excise revenues, as well as an indicator of broader consumption trends in the fast-moving consumer goods segment.*

### Methodology

*The analysis is based on data on collected excise revenues from beer, classified according to:*

- total excise revenues from beer,*

<sup>34</sup> **For more on beer taxation policy and excise revenue collection see:** Popović, M. (2022). "Analysis of collection of revenues from excise duties on beer" OMA Bulletin No. 205/206.

<sup>35</sup> Due to the COVID-19 pandemic, data for 2020 are not relevant for comparison.

<sup>36</sup> Latest available annual data

<sup>37</sup> Latest available quarterly data

<sup>38</sup> Latest available monthly data

- *excise revenues from imported beer,*
- *excise revenues from domestic beer.*

*The data were examined at three levels of aggregation:*

- 1. Annual level (2021–2025),*
- 2. Quarterly level (Q1 2021–Q4 2025),*
- 3. Monthly level (January 2021–February 2026).*

*To assess the dynamics of changes, the following methods were employed:*

- *analysis of absolute collection amounts,*
- *calculation of growth rates (annual, quarterly, and monthly),*
- *comparative analysis across time periods,*
- *structural analysis of the share of domestic and imported beer in total revenues,*
- *identification of seasonal patterns.*

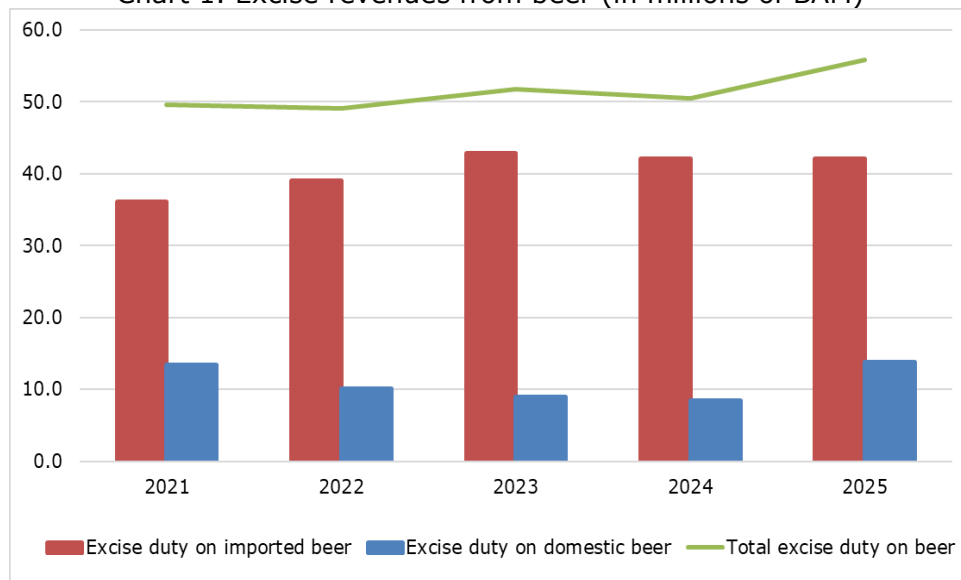
*Growth rates were calculated as the percentage change in revenues compared to the same period of the previous year, thereby eliminating the effect of seasonality and allowing for more precise comparisons. In interpreting the results, relevant macroeconomic indicators were taken into account, including inflation, real wage developments, changes in household purchasing power, and general consumption trends. Special attention was also given to seasonal patterns in collections, considering that beer consumption exhibits pronounced seasonality, particularly during the summer months, the tourist season, and periods of increased social activity. Analysis of seasonal deviations allows for a more accurate distinction between short-term fluctuations and structural trends in revenue collection.*

### **1. Annual trends of revenues from excise duty on beer**

Excise revenues represent a significant component of indirect tax revenues in Bosnia and Herzegovina. Within total excise revenues, excise revenues from beer accounted for approximately 2.9% in 2025, indicating their stable and relatively moderate fiscal importance within the structure of excise revenues.

Figure 1 presents the trend in annual excise revenue collection from beer for the period 2021–2025, expressed in millions of BAM. In addition to total excise revenues from beer, the figure also shows the structure of these revenues by product origin, i.e. revenues from excise on imported and domestic beer.

Chart 1. Excise revenues from beer (in millions of BAM)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

The observed period is characterized by relatively stable trends in total beer excise revenues, with slight fluctuations between individual years. After a slight decrease in 2022, total revenue collection increased in 2023, followed by a minor decline in 2024. In 2025, total beer excise revenues recorded a noticeable increase again, reaching the highest level in the observed period.

The revenue structure shows that excise duties on imported beer account for a dominant share of total collections and recorded an upward trend in most years, particularly up to 2023. On the other hand, excise revenues from domestic beer recorded a gradual decline in the period 2021–2024, indicating a decrease in domestic production or consumption of domestic brands. In 2025, a certain recovery in the collection of these revenues was recorded, partly influenced by the collection of a portion of tax liabilities from previous years.

Changes in the revenue structure partly reflect developments in the beer market in BiH. Imported beer has a wide and diverse market supply, often with strong price competitiveness, which influences consumer preferences and increases its market share. At the same time, domestic producers are facing a decline in production and strong competition from imports. Although the popularity of craft beer is growing in the global market, this segment in BiH is still not sufficiently developed, partly due to a limited distribution network and relatively small production volumes, which additionally affects total excise revenues from domestic beer.

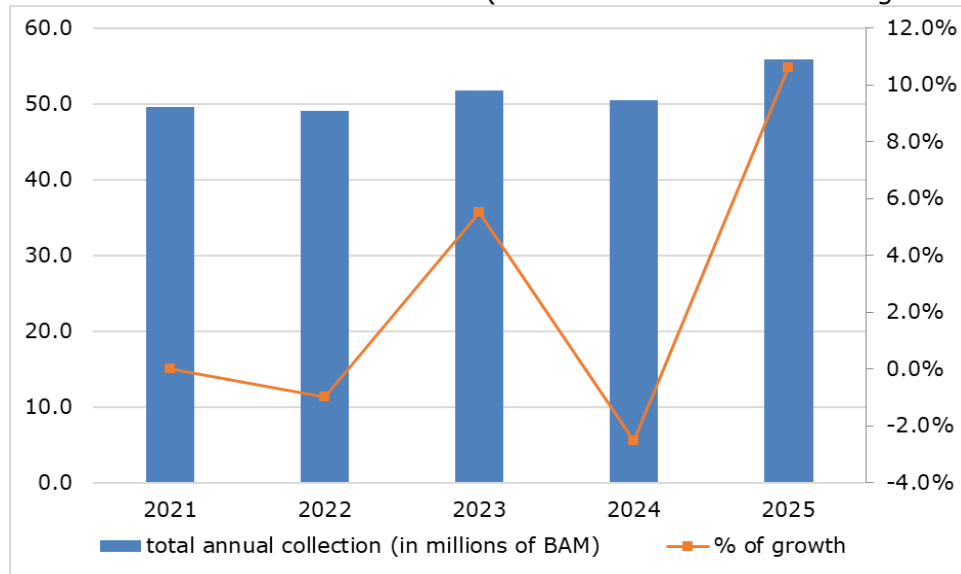
### 1.1. Annual trends of total revenues from excise duty on beer

Chart 2 shows the annual trend in total beer excise revenue collection for the period 2021–2025, expressed in millions of BAM (left vertical axis), as well as the annual growth rate of these revenues for the period 2022–2025 (right vertical axis)<sup>39</sup>.

<sup>39</sup> compared to the previous year



Chart 2. Total beer excise revenues (in millions of BAM and % of growth)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

Total beer excise revenues in the observed period recorded moderate fluctuations, but with a generally stable trend. After a slight decrease in 2022, when the collection of these revenues was 1.0% lower compared to 2021, 2023 saw a recovery and an increase in revenues of 5.5% compared to the previous year. In 2024, a decrease in collection was recorded again, amounting to 2.5% compared to 2023. However, in 2025, a significant increase in total beer excise revenues of 10.6% was recorded, reaching the highest level of collection in the observed five-year period.

Such dynamics indicate the relative stability of beer excise revenue collection, with occasional annual fluctuations resulting from changes in consumption, price developments, and market trends in the beer sector, as well as activities related to the collection of outstanding liabilities from previous years, which in certain periods may contribute to an increase in total revenues.

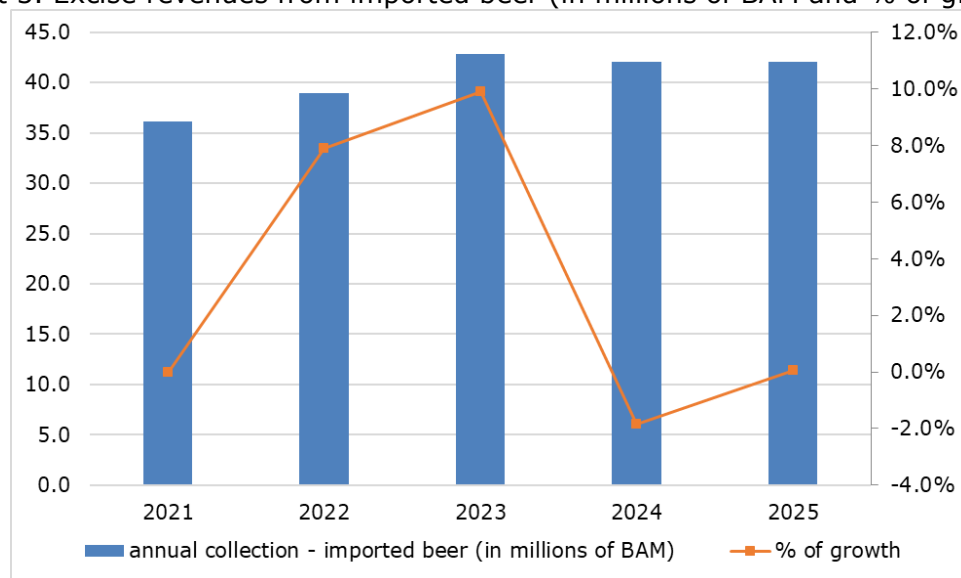
For a more comprehensive overview of the structure of these revenues, the following section of the analysis presents trends in excise revenues from imported and domestic beer over the same period, providing a more detailed insight into changes in market structure and consumer preferences in BiH.

### **1.2. Annual trends of revenues from excise duty on imported beer**

Chart 3 shows the annual trend in excise revenue collection from imported beer for the period 2021–2025, expressed in millions of BAM (left vertical axis), as well as the annual growth rate of these revenues for the period 2022–2025 (right vertical axis)<sup>40</sup>.

<sup>40</sup> compared to the previous year

Chart 3. Excise revenues from imported beer (in millions of BAM and % of growth)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

Given that excise revenues from imported beer account for a dominant share of total beer excise revenues, their trends largely influence the overall dynamics of revenue collection. For most of the observed period, the growth in total beer excise revenues was primarily driven by increased collection from imported beer, whereas in 2025 this effect was less pronounced.

As shown in Chart 3, excise revenues from imported beer in 2025 remained almost at the same level as in the previous year, with a very slight increase of 0.04%. In 2024, a modest decline of 1.8% was recorded compared to 2023. In contrast, significant growth was observed in the previous two years: 9.9% in 2023 and 7.9% in 2022 compared to the respective previous years (Chart 3, % of growth).

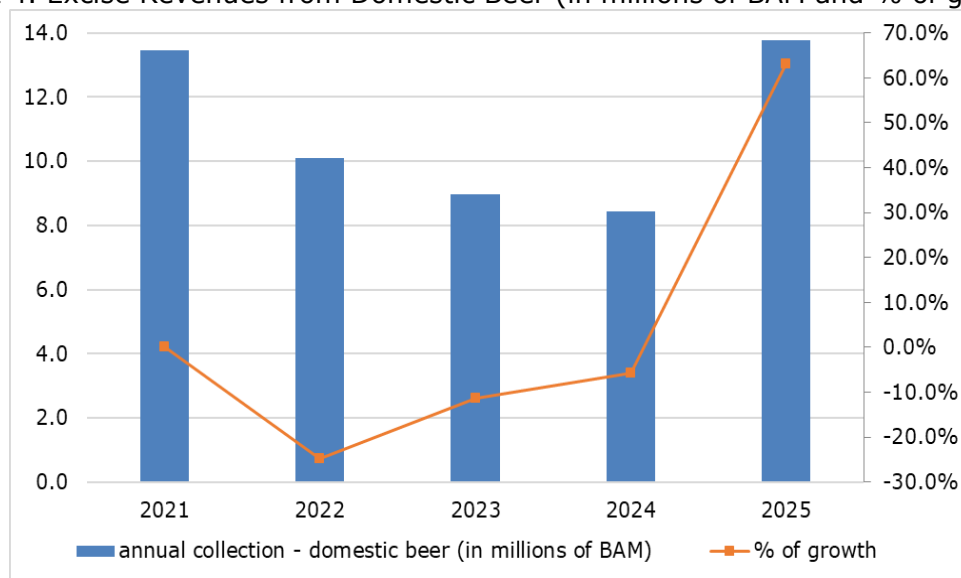
The longer-term trend of increasing excise revenue collection from imported beer can be linked to changes in consumption patterns and market developments in the domestic beer sector. Imported beer benefits from a wider and more diverse market supply, as well as the more intensive expansion of distribution networks, contributing to its higher market presence. At the same time, relatively small differences in retail prices between domestic and imported brands further encourage consumers to choose imported beer, which, over time, increases its market share relative to domestic production.

### 1.3. Annual trends of revenues from excise duty on domestic beer

Chart 4 shows the annual trend in excise revenue collection from domestic beer for the period 2021–2025, expressed in millions of BAM (left vertical axis), as well as the annual growth rate of these revenues for the period 2022–2025 (right vertical axis)<sup>41</sup>.

<sup>41</sup> compared to the previous year

Chart 4. Excise Revenues from Domestic Beer (in millions of BAM and % of growth)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

Unlike the trends in excise revenues from imported beer, the collection of excise revenues from domestic beer showed a declining trend throughout the observed period until 2024, after which a significant increase was recorded in 2025.

As shown in Chart 4, in 2024 excise revenue collection from domestic beer was by 5.8% lower compared to 2023. Declines were also observed in previous years, with revenues in 2023 being by 11.4% lower and an even more pronounced decrease of 24.8% in 2022 compared to the previous year (Chart 4, % of growth). After several years of decline, 2025 saw a substantial increase of 63.2%, representing a deviation from the previous trend and largely attributable to the collection of outstanding tax liabilities from earlier periods.

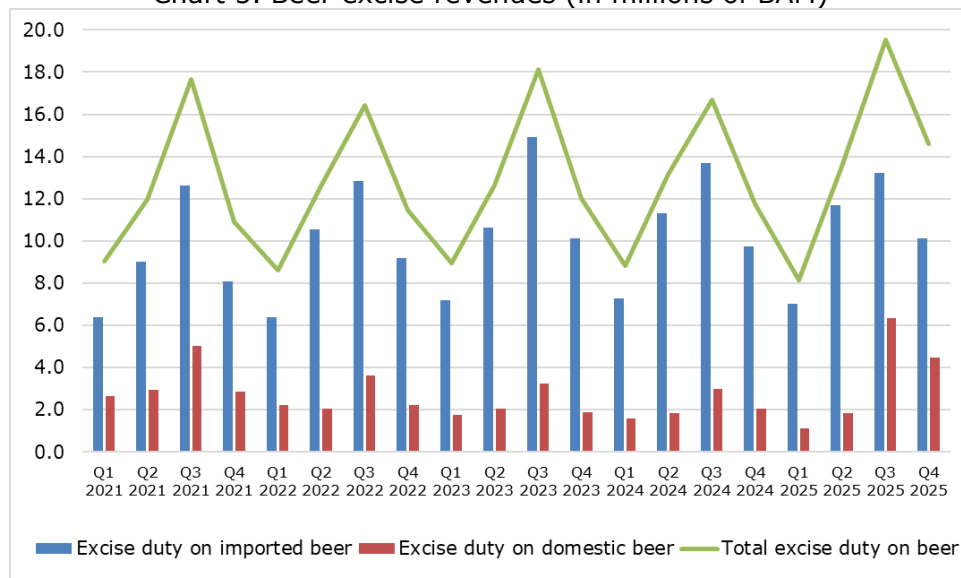
The decline in excise revenues from domestic beer in previous years, in addition to irregular revenue collection, can be linked to changes in consumer preferences and market developments in the beer sector in BiH. Consumers, particularly younger generations, increasingly prefer international brands, while traditional domestic brand consumers are gradually decreasing. At the same time, imported beer is characterized by stronger brand recognition, more intensive marketing activities, and a wider range of styles and tastes. In such market conditions, domestic producers, who rely more heavily on traditional brands and have a more limited product range, face strong competition from imported beer, which is indirectly reflected in the trends of excise revenues from domestic beer.

## 2. Quarterly trends of revenues from excise duty on beer

Quarterly beer excise revenue dynamics largely depend on seasonal consumption patterns, as well as economic and market factors such as consumer habits, tourist flows, distribution strategies, promotional activities, and overall market conditions in the beer sector.

Chart 5 shows the quarterly trend in beer excise revenue collection for the period from the first quarter (Q1) of 2021 to the fourth quarter (Q4) of 2025, expressed in millions of BAM. In addition to total beer excise revenues, the chart also presents the revenue structure by product origin, i.e. revenues from excise on imported and domestic beer.

Chart 5. Beer excise revenues (in millions of BAM)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

The data indicate a pronounced seasonal pattern in beer consumption, which repeats throughout the observed period. The highest level of beer excise revenue collection is typically recorded in the third quarter, i.e., during the summer months, when warmer weather and more intensive social activities contribute to higher consumption of this product. Consequently, this period also sees an increase in beer imports and sales, which is reflected in higher excise revenue collection.

Conversely, in the remaining quarters, particularly during the winter period, beer consumption is generally lower. During this time, some consumers tend to choose other alcoholic beverages, such as wine, brandy, or hot alcoholic drinks, which reduce the demand for beer.

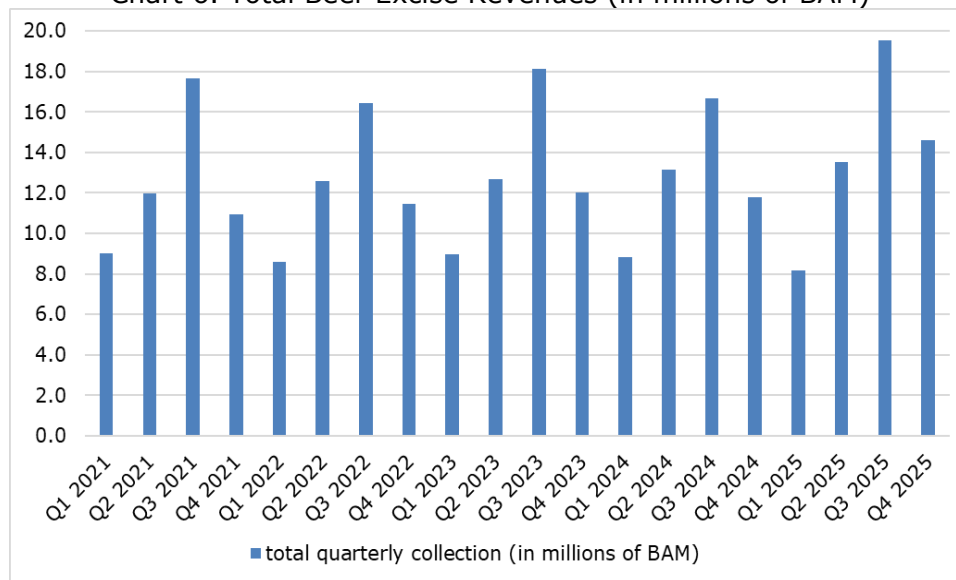
The increase in beer consumption during the summer months is further influenced by tourist flows, as the arrival of both foreign and domestic tourists contributes to higher consumption in the hospitality sector. Although winter tourism can partially stimulate beer consumption in mountain and ski resorts, its effect is significantly weaker compared to the summer season.

The following analysis examines in more detail the quarterly trends of total beer excise revenues, as well as revenues from imported and domestic beer, including the corresponding growth rates for the observed period.

### **2.1. Quarterly trends of total revenues from excise duty on beer**

Chart 6 shows the quarterly trend in total beer excise revenue collection, expressed in millions of BAM, for the period Q1 2021–Q4 2025.

Chart 6. Total Beer Excise Revenues (in millions of BAM)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

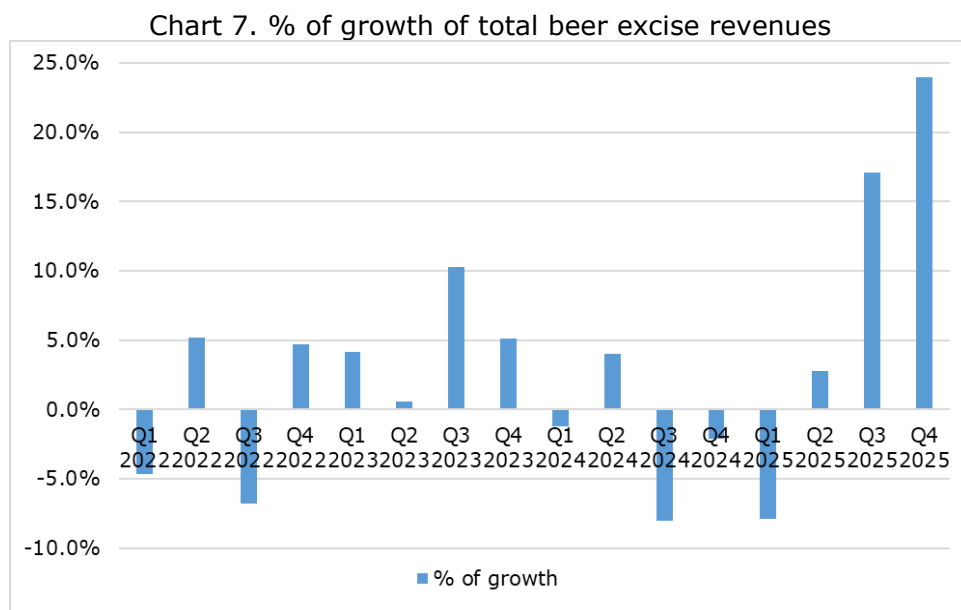
Overall, quarterly beer excise revenue collection during the observed period exhibits a pronounced seasonal pattern. In all years under review, the highest beer excise revenues are recorded in the third quarter, reflecting the seasonal increase in beer consumption during the summer months. Higher temperatures, the tourist season, a greater number of cultural and sporting events, as well as increased consumption in the hospitality sector, contribute to higher beer consumption and, consequently, higher excise revenue collection.

Conversely, the lowest revenues are typically recorded in the first quarter, due to reduced consumption following the holiday season, the winter months, and generally lower beverage consumption during this time of year. The second quarter is characterized by a gradual increase in beer excise revenue collection, representing a transitional period between the lowest level in the first quarter and the peak in the third quarter.

In the fourth quarter, beer excise revenue collection shows a slight decline compared to the third quarter, but is generally still higher than in the first quarter. Revenues in the fourth quarter are further influenced by promotional activities by producers and distributors, increased consumption during the pre-Christmas and New Year period, and higher retail sales.

This pattern of total beer excise revenue collection indicates that seasonality is one of the key factors affecting quarterly revenue dynamics, with a recurring pattern from year to year: the lowest collection in Q1, growth in Q2, a peak in Q3, and a slight decrease in Q4.

Chart 7 presents the quarterly growth rate of total beer excise revenues for the period Q1 2022–Q4 2025, compared to the same quarter of the previous year.



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

The analysis shows that the fluctuations in revenue growth and decline during the observed period are largely driven by seasonal factors, but one-off effects that influence short-term variations are also present.

In certain quarters, revenue collection decreased compared to the same quarter of the previous year, particularly in Q1 2025 (-7.9%), while declines were also recorded in Q1, Q3, and Q4 of 2024 (-1.2%, -8.0%, and -2.1%), as well as in Q1 and Q3 of 2022. These decreases may be attributed to seasonal reductions in consumption, short-term market fluctuations, or one-off changes in distribution and collection patterns.

The largest increases in total beer excise revenue collection were recorded in Q3 and Q4 of 2025 (17.1% and 24.0%), as well as in Q3 2023 (10.3%). In addition to seasonal increases in summer consumption and higher end-of-year demand, a significant portion of this growth in Q3 and Q4 2025 resulted from the collection of outstanding liabilities from previous periods, contributing to short-term revenue spikes.

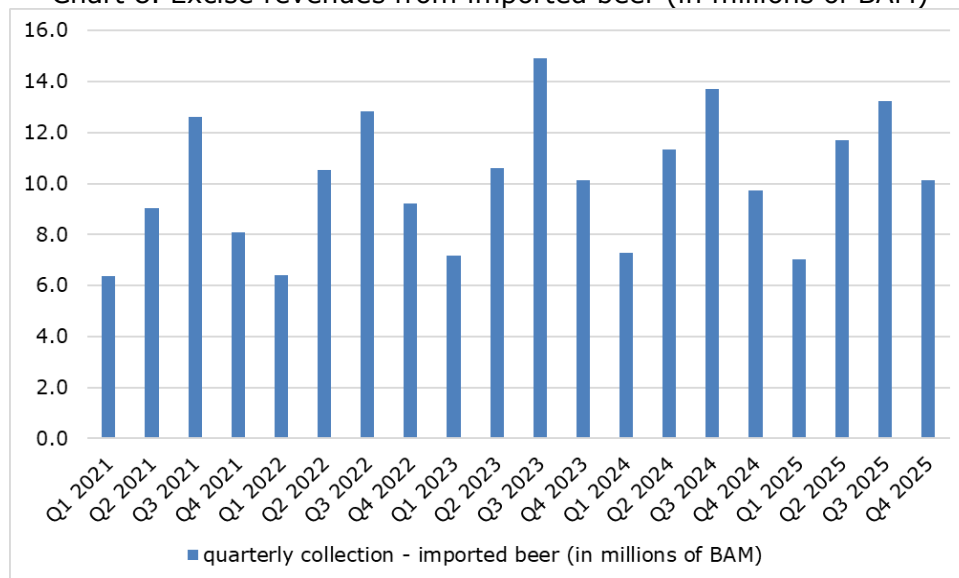
In 2024, the only quarterly increase compared to the same quarter of the previous year was observed in Q2 (4.0%), while the other quarters recorded declines.

These results indicate pronounced seasonality and occasional one-off effects in quarterly revenue collection, with summer and holiday quarters generally being periods of the highest revenue growth, while the first quarter often records a decrease compared to the same quarter of the previous year. The collection of past liabilities further explains the short-term spikes in revenue observed in the last two quarters of the period under review.

## 2.2. Quarterly trends of revenues from excise duty on imported beer

Chart 8 shows the quarterly trend in excise revenue collection from imported beer, expressed in millions of BAM, for the period Q1 2021–Q4 2025.

Chart 8. Excise revenues from imported beer (in millions of BAM)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

As with total beer excise revenues, quarterly excise revenue collection from imported beer exhibits a pronounced seasonal pattern. The highest collection levels are typically recorded in the third quarter, reflecting increased consumption during the summer months, the tourist season, and higher demand in the hospitality sector. In the fourth quarter, revenues remain relatively high due to increased consumption during the pre-Christmas and New Year period.

Conversely, the lowest revenues from imported beer excise are usually recorded in the first quarter, resulting from reduced consumption during the winter period and after the holiday season. The second quarter is characterized by a gradual increase in collection, serving as a transitional period between the lowest and highest levels of annual consumption.

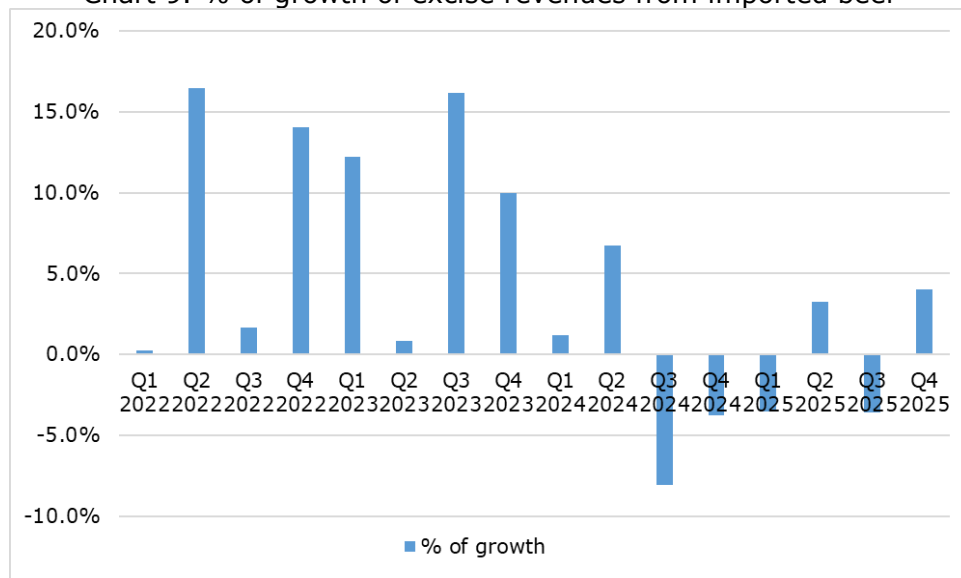
In addition to seasonal factors, the dynamics of excise revenues from imported beer are influenced by changes in consumption patterns between domestic and imported products, price movements, as well as market and distribution strategies of importers. One-off effects, including timing shifts in imports and liability collection, can also affect quarterly revenue trends.

Overall, the quarterly trend in excise revenues from imported beer follows a similar seasonal pattern to total revenues, with slightly more pronounced fluctuations that may be linked to changes in import volumes and market developments.

Chart 9 presents the quarterly growth rate of excise revenues from imported beer for the period Q1 2022–Q4 2025, compared to the same quarter of the previous year.



Chart 9. % of growth of excise revenues from imported beer



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

On a quarterly basis, excise revenue collection from imported beer shows fluctuations, but it can be observed that from 2022 until Q2 2024 there was generally an upward trend compared to the same quarters of the previous year. Afterward, in the second half of 2024, revenue collection declined, with a decrease of 8.1% in Q3 and 3.8% in Q4 compared to the same periods of the previous year.

In 2025, movements were again mixed, with declines recorded in Q1 and Q3 (3.5% and 3.6%), while growth was observed in Q2 and Q4 (3.3% and 4.0%) relative to the same quarters of the previous year, indicating a slight recovery in excise revenues from imported beer after the drop in the second half of 2024.

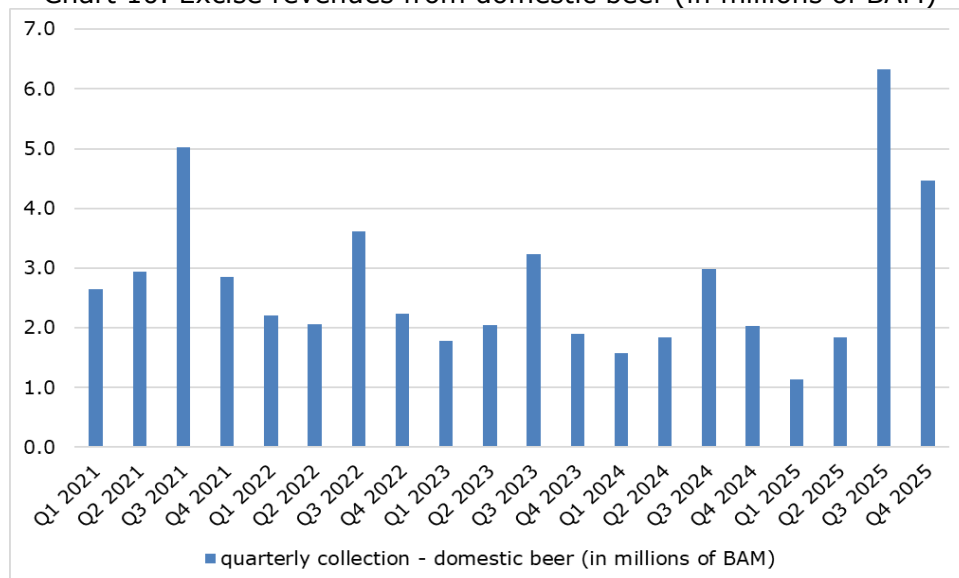
The largest growth in excise revenues from imported beer occurred in Q2 and Q4 2022 (16.5% and 14.0%), as well as in Q1 and Q3 2023 (12.2% and 16.2%). This can be attributed to increased beer imports, the recovery of consumption following previous market disruptions, and possible changes in prices and consumption patterns favoring imported brands.

Overall, the quarterly growth rate of excise revenues from imported beer exhibits greater fluctuations than total beer excise revenues, indicating that revenues from imported beer are more sensitive to changes in import volumes, consumer preferences, price differences between domestic and imported products, and shifts in distribution and market dynamics.

### 2.3. Quarterly trends of revenues from excise duty on domestic beer

Chart 10 shows the quarterly trend in excise revenue collection from domestic beer, expressed in millions of BAM, for the period Q1 2021–Q4 2025.

Chart 10. Excise revenues from domestic beer (in millions of BAM)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

Overall, excise revenues from domestic beer in the analyzed period show a downward trend, with pronounced seasonal patterns in collection, where higher revenues are recorded in the second and third quarters, i.e. during the period of increased beer consumption.

During 2021, a market recovery was evident following the pandemic period, with a seasonal increase in revenue collection in the second and third quarters. However, in the following years, there was a gradual quarterly decline in excise revenues from domestic beer, which can be associated with inflationary trends, rising production costs, increasing retail prices, as well as changes in the consumption structure in favor of imported beer products.

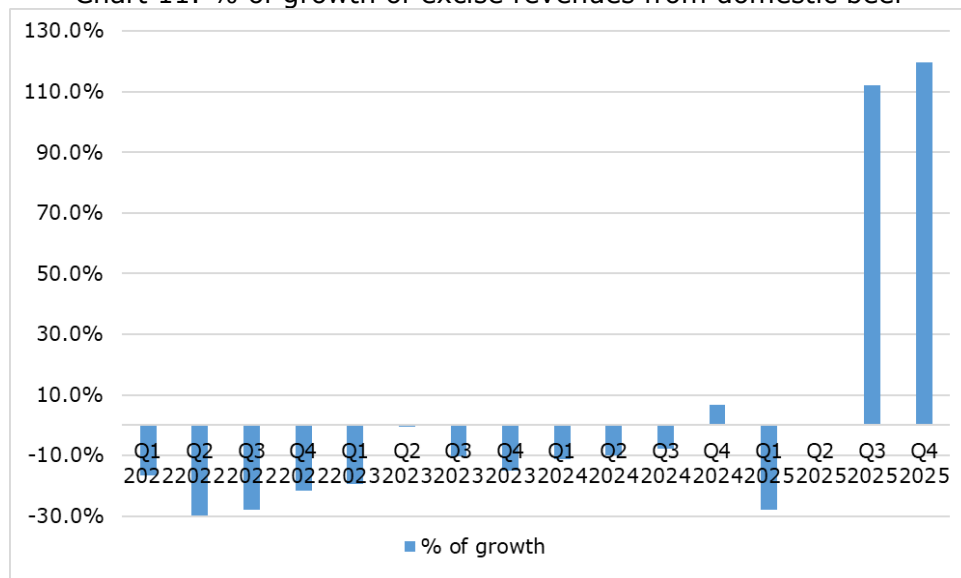
The lowest level of excise revenue from domestic beer was recorded during 2024 and at the beginning of 2025, indicating a decrease in the consumption and production of domestic beer, as well as stronger competition from imports.

A significant increase in excise revenues from domestic beer was recorded in the third and fourth quarters of 2025. However, it is important to emphasize that this increase was not the result of increased current consumption of domestic beer, but was largely due to the collection of outstanding excise liabilities from previous periods, which led to a one-off increase in revenue collection in these quarters.

Overall, despite the increase in revenue collection in the second half of 2025, the movement of excise revenues from domestic beer during most of the observed period is characterized by a downward trend, with pronounced seasonality and occasional one-off effects related to the collection of outstanding liabilities.

The quarterly growth rate of excise revenues from domestic beer for the period Q1 2022–Q4 2025, compared to the same quarter of the previous year, is shown in Chart 11.

Chart 11. % of growth of excise revenues from domestic beer



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

On a quarterly basis, a decline in excise revenues from domestic beer was recorded in most quarters compared to the same quarters of the previous year, confirming the downward trend in revenues on this basis. Negative growth rates were observed in almost all quarters under review, except in Q4 2024, when an increase of 6.8% was recorded, and in Q3 and Q4 2025, when exceptionally high growth rates (112.0% and 119.6%) were recorded due to the collection of outstanding liabilities.

The largest declines in excise revenues from domestic beer were recorded in Q2 2022 (-29.8%), followed by Q3 and Q4 of the same year (-28.1% and -21.6%), as well as in Q1 2025 (-27.9%), compared to the same quarters of the previous year.

Overall, quarterly growth rates of excise revenues from domestic beer indicate a continuous decline in revenues during most of the observed period, with pronounced fluctuations in certain quarters.

### 3. Monthly trends of revenues from excise duty on beer

The main objective of the monthly analysis of beer excise revenue collection, in relation to annual and quarterly trends, is to monitor short-term trends and identify seasonal, economic, and market changes that affect the movement of these revenues. Unlike annual and quarterly analysis, monthly analysis provides a more detailed insight into the dynamics of revenue collection and enables the timely identification of changes in revenue trends.

Monitoring beer excise revenue collection on a monthly basis allows for faster detection of seasonal fluctuations, as well as early identification of potential deviations in revenue collection, which may be important for the timely implementation of tax policy measures and collection activities. In this way, monthly analysis represents an important tool for monitoring the stability and predictability of beer excise revenues.

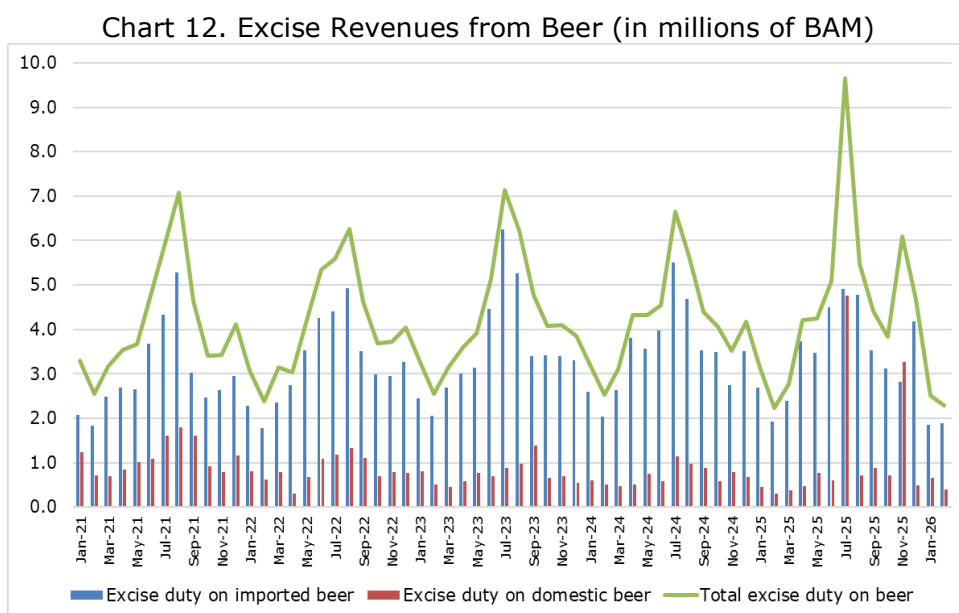
Monthly movements in beer excise revenues largely depend on seasonal factors, such as weather conditions, the tourist season, holidays, and increased consumption in the hospitality sector, but also on economic factors, including inflation, beer price trends, disposable income of the population, and overall consumption trends. In addition, monthly revenue collection dynamics may also be influenced by market factors, such as changes in consumer preferences, the ratio of

consumption of domestic and imported beer, promotional activities of producers and distributors, as well as changes in the volume of imports and domestic production.

In addition, monthly analysis provides a more detailed insight into the impact of various external factors on revenue movements, including changes in raw material prices and production costs, changes in retail prices, as well as regulatory and administrative measures that may affect excise revenue collection.

The analysis of monthly beer excise revenue collection complements quarterly and annual analyses, as it enables more detailed monitoring of short-term trends, identification of the causes of changes in revenue collection, as well as a better understanding of seasonal and market patterns affecting beer excise revenues.

Chart 12 shows the monthly collection of beer excise revenues for the period from January 2021 to February 2026, expressed in millions of BAM. The chart presents total beer excise revenue collected in the observed period, as well as excise revenues collected from imported and domestic beer.



Based on the chart showing monthly beer excise revenue collection for the period January 2021 – February 2026, it can be concluded that weather conditions and seasonal factors have the greatest impact on the movement of these revenues, with the highest monthly excise revenue collection recorded during the summer months. Due to a combination of seasonal, social, and psychological factors influencing consumer habits, beer consumption is highest in the period from June to September. Summer beer consumption increases due to high temperatures, a higher number of social activities, the tourist season, promotional activities by producers, and other factors that contribute to increased beer sales and consumption.

After the summer period, consumption and excise revenue collection slightly decline towards the end of the year, with a typical increase in December, resulting from higher holiday consumption, a greater number of hospitality events, marketing activities, and tourist movements.

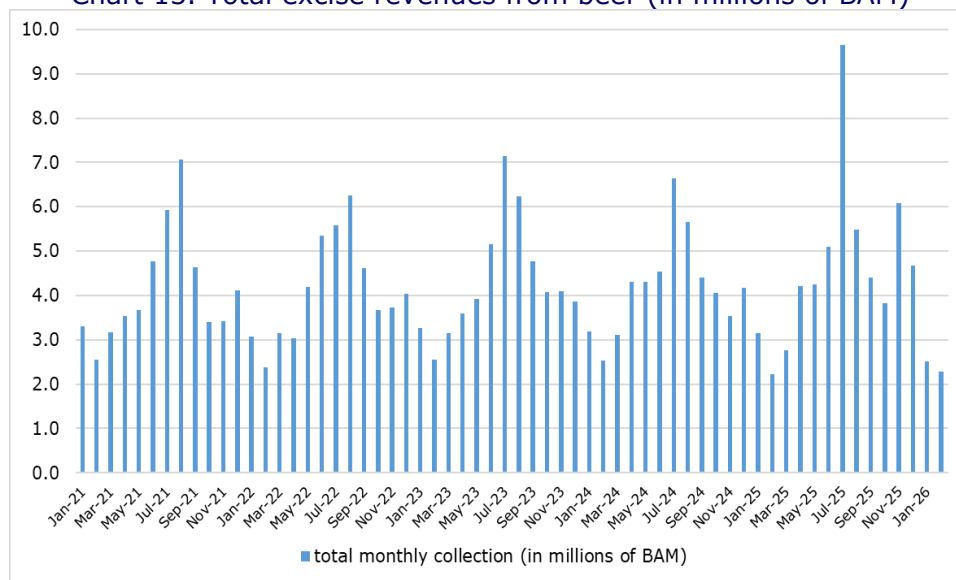
During the observed period, more significant spikes in revenue collection were recorded in July and November 2025, which resulted from the collection of outstanding liabilities. This represents an extraordinary, rather than a seasonal factor, and does not reflect regular consumption trends.

A more detailed analysis of the movement of total monthly beer excise revenues, as well as monthly excise revenues from imported and domestic beer, with a particular focus on growth rates, is presented below.

### 3.1. Monthly trends of total revenues from excise duty on beer

Chart 13 shows the monthly collection of total excise revenues from beer, expressed in millions of BAM, for the period January 2021–February 2026.

Chart 13. Total excise revenues from beer (in millions of BAM)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

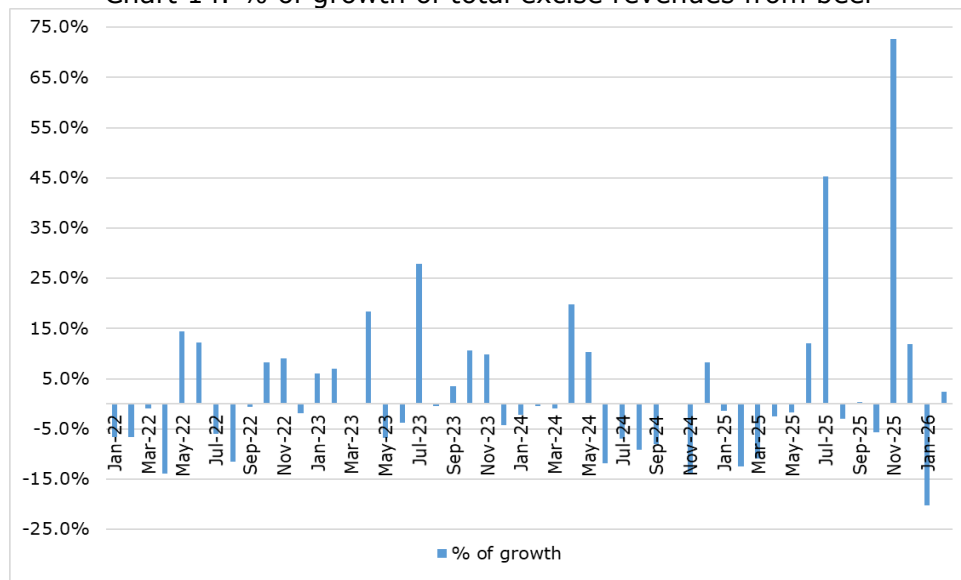
Observing the movement of total monthly excise revenues from beer during the analyzed period, a relatively stable pattern can be identified, with occasional more pronounced fluctuations in certain months. The highest collection amounts are recorded in the middle of the year, while lower revenues are observed at the beginning of the year, followed by a gradual increase throughout the year, reaching peak values, and then declining again toward the end of the year.

In the observed period, July and November 2025 stand out, when a significant spike in total revenues was recorded, resulting from the collection of outstanding debts from previous periods. These deviations cannot be considered part of the regular revenue pattern.

Overall, monthly excise revenues from beer do not show sudden changes in trend, with movements generally occurring within expected fluctuations, alongside occasional deviations caused by extraordinary collection factors.

Chart 14 shows the monthly growth rate of total excise revenues from beer for the period January 2022–February 2026, compared to the same month of the previous year.

Chart 14. % of growth of total excise revenues from beer



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

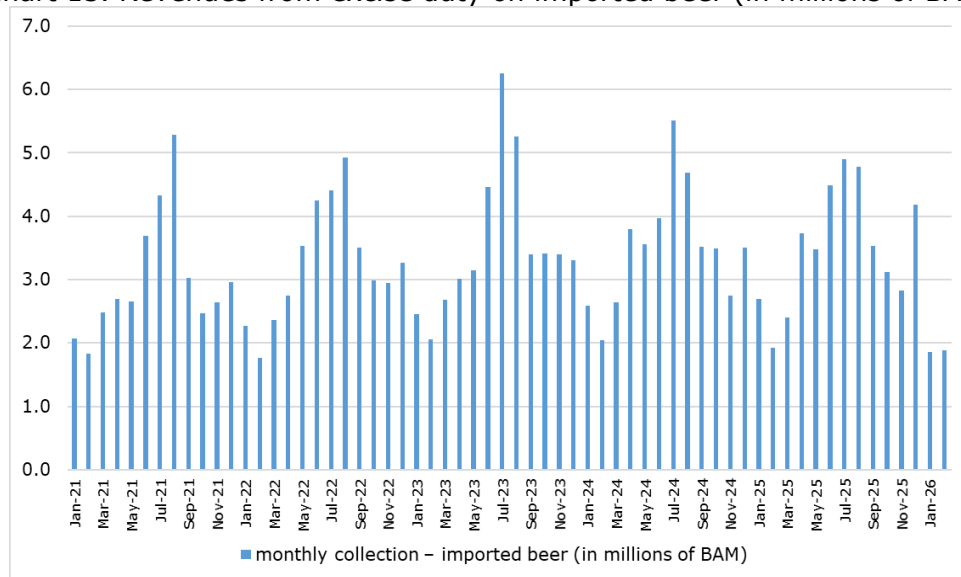
During the first two months of the current year, a decrease in total excise revenues from beer was recorded in January by 20.2%, while February showed a slight recovery, with revenues increasing by 2.5% compared to the same period of the previous year.

Viewed on a monthly basis over the entire analyzed period, the highest growth rates of total excise revenues from beer were recorded in November 2025 (72.7%), followed by July 2025 (45.3%), and July 2023 (27.9%). The pronounced growth in 2025 was largely the result of the collection of outstanding liabilities from previous periods and does not represent the regular pattern of revenue.

### 3.2. Monthly trends of revenues from excise duty on imported beer

Chart 15 shows the monthly collection of revenues from excise duty on imported beer, expressed in millions of BAM, for the period January 2021–February 2026.

Chart 15. Revenues from excise duty on imported beer (in millions of BAM)



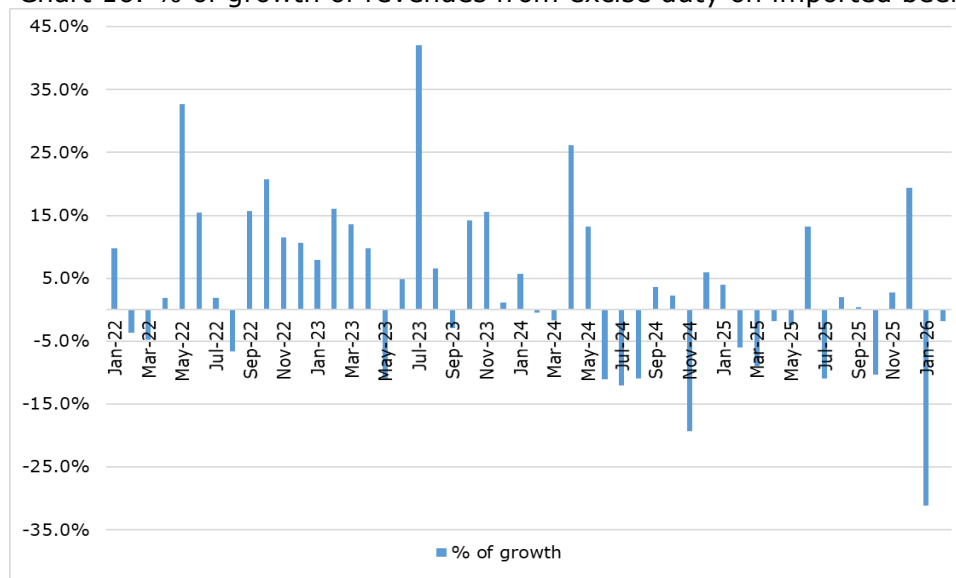
Source: Data from the Indirect Taxation Authority of BiH, MAU overview

The monthly revenues from excise duty on imported beer largely follow the pattern of total excise revenues on beer, given the significant share of imported beer in overall consumption. During the observed period, the highest collection of excise revenues on imported beer was recorded in July 2023, while the lowest collection occurred in February 2022 and in the first two months of the current year, when revenue levels were below the average monthly values.

Overall, the monthly collection of excise revenues on imported beer is characterized by moderate variability, with occasional pronounced deviations in certain months, driven by consumption trends, import volumes, and the timing of obligation settlements.

Chart 16 shows the monthly growth rate of revenues from excise duty on imported beer for the period January 2022–February 2026, compared to the same month of the previous year.

Chart 16. % of growth of revenues from excise duty on imported beer



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

Given that imported beer accounts for a significant share of total beer consumption, the movement of revenues from excise duty on imported beer largely determines the overall trends in total excise revenues on beer. For this reason, the growth rates of excise revenues on imported beer have a substantial impact on the overall growth rates of excise revenues on beer.

On a monthly basis, January of the current year recorded the largest decline in excise revenues on imported beer during the observed period, amounting to 31.2%, while February also saw a slight decrease of 1.8% compared to the same period of the previous year. On the other hand, the highest monthly growth in excise revenues on imported beer was recorded in July 2023, reaching 42.0%.

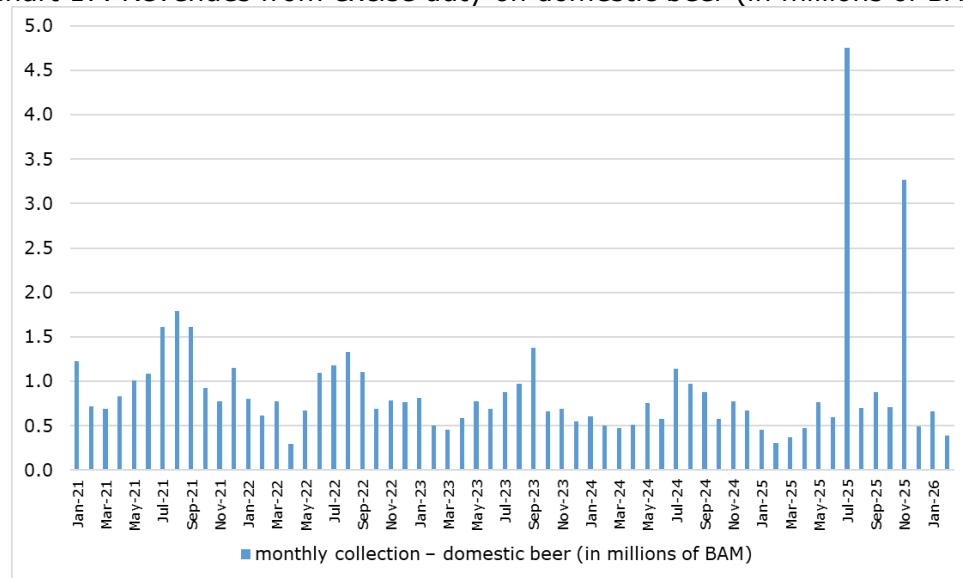
These pronounced monthly fluctuations in growth rates indicate the sensitivity of these revenues to changes in import volumes, consumption, as well as to base effects and the timing of tax collection in specific months.

### 3.3. Monthly trends of revenues from excise duty on domestic beer

Chart 17 shows the monthly collection of revenues from excise duty on domestic beer, expressed in millions of BAM for the period January 2021–February 2026.



Chart 17. Revenues from excise duty on domestic beer (in millions of BAM)



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

The monthly collection of revenues from excise duty on domestic beer shows a gradual downward trend throughout the observed period, indicating a decline in domestic beer consumption and a shift in consumption patterns in favor of imported beer.

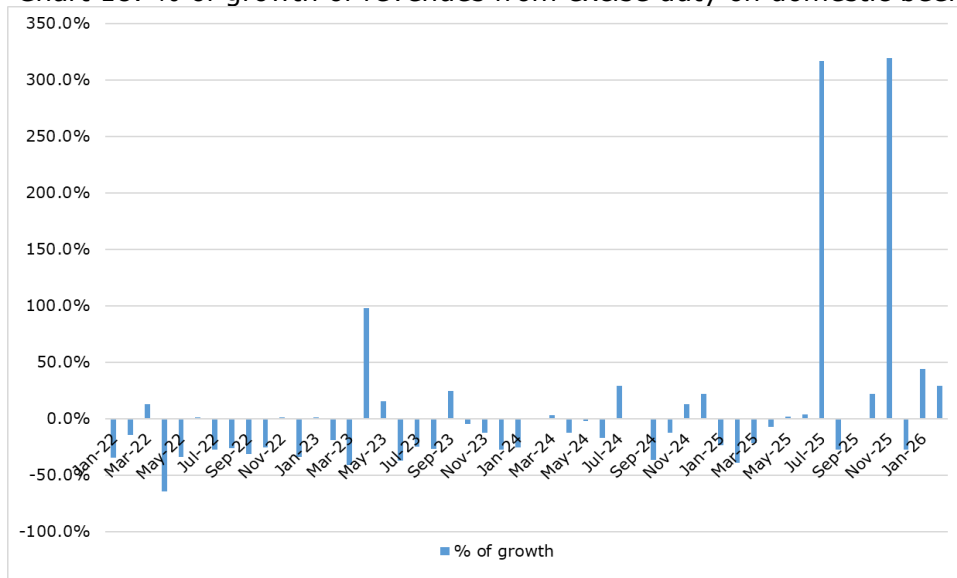
During the observed period, the highest regular monthly collection of excise revenues on domestic beer was recorded in August 2021, while the lowest collection was observed in April 2022. Monthly collection amounts exhibit fluctuations, which are less pronounced compared to excise revenues on imported beer, but with a more noticeable decline in the most recent years.

July and November 2025 stand out in particular, when an exceptionally high amount of excise revenue on domestic beer was recorded which significantly deviates from usual monthly values. These spikes are the result of the collection of arrears from previous periods and do not represent regular excise revenue trends on domestic beer.

Overall, monthly excise revenues on domestic beer show a declining trend, with occasional fluctuations and extraordinary deviations caused by the collection of outstanding obligations.

Chart 18 shows the monthly growth rate of revenues from excise duty on domestic beer for the period January 2022–February 2026, compared to the same month of the previous year.

Chart 18. % of growth of revenues from excise duty on domestic beer



Source: Data from the Indirect Taxation Authority of BiH, MAU overview

In the first two months of the current year, excise revenues on domestic beer recorded an increase of 43.8% in January and 29.1% in February compared to the same period of the previous year. This growth is the result of a low base from the previous year, i.e., a base effect, as excise collections were relatively low during the same period last year.

In 2025, exceptionally high growth rates were observed in July (316.7%) and November (319.3%), which resulted from the collection of arrears from previous periods and do not represent regular trends in excise revenues on domestic beer.

Considering regular collections, without the impact of extraordinary payments, the highest growth in excise revenues on domestic beer was recorded in April 2023 at 98.1%, while the largest decline occurred in April 2022, with a drop of 64.7%.

Monthly growth rates of excise revenues on domestic beer exhibit pronounced fluctuations, primarily due to the low base effect, changes in the volume of domestic beer production and consumption, as well as the timing of tax collections.

## Conclusion

The analysis of excise revenues on beer for the period 2021–2025 shows that total excise revenues record fluctuations on both, quarterly and monthly level while maintaining a relatively stable collection level and a pronounced seasonal component. The highest revenues are consistently recorded in the third quarter, i.e., during the summer months, while the lowest collections occur at the beginning of the year, which aligns with seasonal consumption patterns and demand during the tourist season.

The analysis of revenue structure indicates different trends for domestic and imported beer. Excise revenues on imported beer show an overall upward trend during the observed period, with occasional fluctuations, whereas excise revenues on domestic beer display a declining trend for most of the period. These patterns point to changes in the beer market structure, specifically an increase in the share of imported beer in total consumption, which has a long-term impact on the composition of excise revenues.

At the same time, the significant growth in revenues observed in certain quarters and months of 2025 is also the result of collecting arrears from previous periods, which temporarily increased total collections as well as excise revenues on domestic beer. For this reason, these effects should be considered one-off fiscal impacts rather than solely the result of increased current consumption or regular tax collection.

The monthly analysis confirmed the existence of a pronounced seasonality in the collection of excise revenues on beer, while also providing a more detailed insight into short-term fluctuations and the impact of economic and market factors, such as inflation, price changes, the tourist season, promotional activities of producers and distributors, as well as shifts in consumer preferences.

The analysis indicates that excise revenue trends during the observed period are primarily driven by seasonal factors, changes in the consumption structure between domestic and imported beer, and one-off effects from the collection of arrears. Meanwhile, longer-term trends point to a gradual decline in excise revenues from domestic beer and an increase in revenues from imported beer. These trends reflect structural changes in the beer market in Bosnia and Herzegovina, manifested in shifts in consumer habits and a growing share of imported beer in the domestic market.

From a fiscal perspective, excise revenues on beer can be considered a relatively stable source of public income. However, their structure and dynamics indicate the need for continuous monitoring of market trends, as changes in consumption patterns directly affect the composition and stability of these revenues over the long term.

In the coming period, excise revenues on beer may also be influenced by external factors, including inflationary pressures caused by rising global prices of energy, raw materials, and transportation, as well as broader economic and geopolitical developments. These factors can impact production costs, pricing, and consumption levels, and consequently affect excise revenue collection, making their effects a subject for ongoing monitoring and detailed analysis.

Overall, this shows that, although relatively stable, beer excise revenues are significantly dependent on consumption trends, market structure, and the macroeconomic environment, highlighting the necessity of continuous observation of market and economic trends for proper planning and forecasting of these revenues.

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