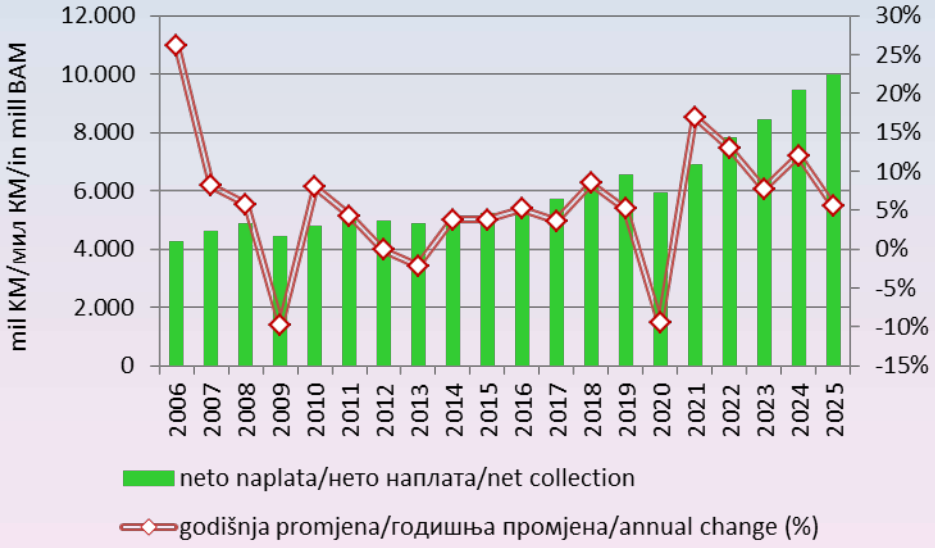
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno - neizravno oporezivanje

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

Macroeconomic Unit of the Governing Board of the Indirect Taxation Authority

OMA Bilten



Broj
Број
Number 257/258

novembar/decembar 2026 – studeni/prosinac 2026 – новембар/децембар 2026 – November/December 2026

With this issue

At the time of preparing the revised projections of revenues from indirect taxes for the period 2026-2029, no analytical data on the foreign trade exchange of B&H for the nine months of 2026 were available, but only preliminary data on total imports and exports. After the publication of data by the Agency for Statistics of B&H for nine months of 2026, it will be possible to see the trends in the structure of imports that are relevant for the collection of customs revenues, and which refer to the import of goods from third countries and part of goods from the EU that remained under the customs regime. Comparisons of imports in absolute terms show a sharp increase in imports from the EU and third countries in the second and third quarters of 2026, which significantly exceeds imports in previous years (Chart 1).

Chart 1

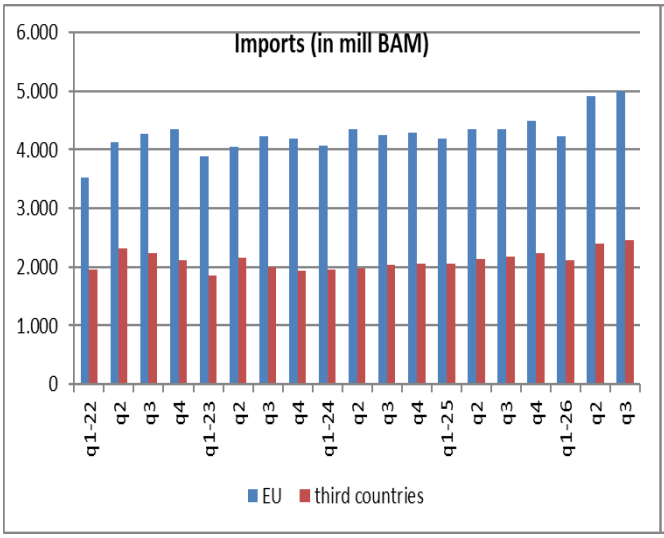
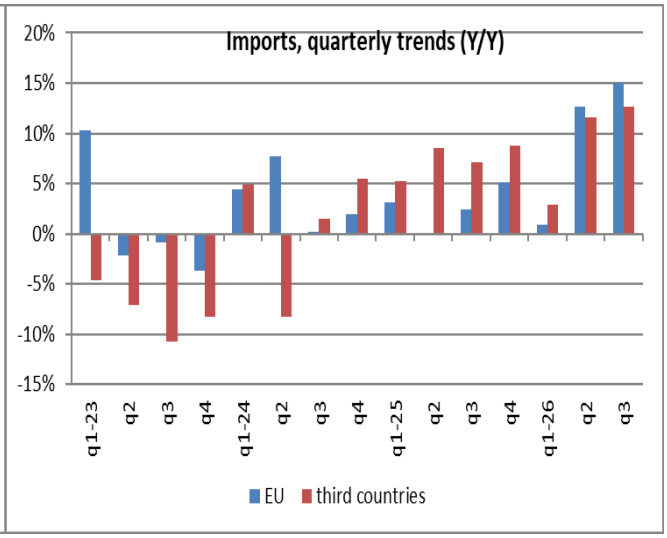


Chart 2



The trend of sharp import growth in the last two quarters is better reflected in the quarterly comparisons of imports (YoY). After modest growth in the first quarter of 2026, growth rates in the second and third quarters reached up to 15%, as was the case with imports from the EU in the third quarter (Chart 2). Recovery of imports from the EU is impressive considering the fact that during the previous two years the quarterly growth rates were very low, a maximum of 5%, in contrast to imports from third countries.

Dinka Antić, PhD
Head of Unit

Table of contents:

Revised projections of indirect tax revenues for the period 2026-2029	2
List of tables and charts	2
Abstract	3
I. Basis and assumptions of indirect tax revenue projections	4
II. Revised projections of indirect tax revenues 2026-2029 (baseline scenario)	10
III. Revenue projections from indirect taxes by type	15
1. VAT	15
2. Excises	21
3. Customs	32
4. Road fee	34
IV. Risks	36
Appendix: Latest projections from international institutions	40
Trends in revenues from excise duties on coffee	42

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

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

LIST OF TABLES AND CHARTS

Tables

Table 1. Projection of GDP growth, DEP, September 2026 4
Table 2. Share of indirect tax revenues from the ITA SA in GDP and total consumption (C)..... 9
Table 3. Baseline scenario of revised indirect tax revenue projections (2026-2029), October 2026 10
Table 4. Baseline scenario of revised indirect tax revenue projections in % of GDP 10
Table 5. EIA: Crude oil price projections..... 28
Table 6. ECB: Growth and inflation projections for the Eurozone (annual rates of change) 40
Table 7. Real GDP growth projections, IMF, October 2026 41

Charts

Chart 1. The difference in growth rates of macroeconomic indicators for the period 2026-2029 6
Chart 2. Net revenues from indirect taxes on ITA Single Account, 2006-2025 8
Chart 3. Indirect taxes in consumption and GDP, 2006-2025 8
Chart 4. Monthly collection of indirect taxes 2024-2026 and nominal effects in 2026..... 12
Chart 5. Collection of irevenues from indirect taxes, growth rates in 2026 and collection in I-IX. 12
Chart 6. Quarterly trends in the collection of indirect taxes 13
Chart 7. Net nominal effects by type of tax in the period I-IX 2026..... 15
Chart 8. Trends in gross VAT collection,2026 16
Chart 9. VAT on imports and domestic VAT, trends in 2026 16
Chart 10. Quarterly trends in VAT component collection 17
Chart 11. Trends in VAT refund payments and trade in goods in B&H..... 18
Chart 12. Share of cumulative refunds in cumulative VAT and quarterly changes in refund payments 18
Chart 13. Trends in net VAT collection..... 19
Chart 14. Net VAT (collection and projections) 20
Chart 15. Trends in total excise tax collection 21
Chart 16. Trends in tobacco excise tax collection 22
Chart 17. Excise duties on tobacco, quarterly growth rates 22
Chart 18. Projections of trends in the cigarette market and revenues from excise taxes on tobacco 24
Chart 19. Crude oil prices, Europe Brent Spot Price FOB 25
Chart 20. Weekly prices of diesel fuel on the B&H market..... 26
Chart 21. Change in imports of derivatives in relation to change in their import price..... 27
Chart 22. Trends in the collection of excise duties on oil derivatives..... 28
Chart 23. Net revenues from excise duties on oil derivatives (collection and projections)..... 29
Chart 24. Trends in coffee excise tax collection 29
Chart 25. Trends in collection of other excise tax categories 30
Chart 26. Quarterly trends in collection of other excise tax categories..... 31
Chart 27. Trends in customs collection 32
Chart 28. Quarterly trends in customs revenue collection 32
Chart 29. Net revenues from customs duties (collection and projections)..... 33
Chart 30. Trends in road tax collection 34
Chart 31. Net revenues from road taxes (collection and projections)..... 35

Abstract

Projections of Macroeconomic Indicators

According to DEP's projections from September 2026, real GDP growth of 2.1% can be expected in Bosnia and Herzegovina in 2026. For 2027, DEP projected a real GDP growth rate of 2.4%, while slightly higher real growth rates of 3.1% and 3.3%, respectively, are planned for 2028 and 2029.

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-IX 2026

The monthly net collection effects in the first three quarters of 2026 were uniform, without major fluctuations, except in January, when 1.4 million BAM less was collected, and in May, when a modest absolute increase in net revenue of 27.6 million BAM was achieved. In the other seven months, the net effects ranged between 60 and 92 million BAM. Cumulative net effects for the nine months of 2026 amounted to 562.6 million BAM, representing a growth of 7.6% compared to the period January - September 2025.

Projections of indirect tax revenues

The projected net collection of revenues from indirect taxes in 2026 amounts to 10,702.4 million BAM. Projected growth rates of revenues from indirect taxes for 2026 is 7.3%. The projected growth rates of net revenues from indirect taxes for 2027, 2028 and 2029 are 4.3%, 4.2% and 4.2%, respectively. The revenue projection in the mentioned period is based on projected relevant macroeconomic indicators, historical seasonal collection pattern and projections of certain revenue categories 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 (risks related to the exemption from paying road fees, abolition or reduction of excise duties on oil derivatives, etc.).

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

The revised projections of indirect tax revenues are based on the projections of macroeconomic indicators of the Directorate for Economic Planning (DEP) from September 2026, 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 from the beginning of 2023 to the end of June 2026. In February 2026, the State Aid Council, after the *ex post* control procedure, issued a final Decision[1] which determined that the exemption from paying road fees for mines, thermal power plants and railways does not constitute state aid. At the session held on June 22, 2026, the Governing Board of the ITA issued a Decision on the quantities of diesel fuel on which road fees are not payable for the year 2026.[2] 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 from the second half of 2026 to 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, 2025 and first half of 2026 are not included in the revenue projections, but are explained in detail in chapter IV "Risks".

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 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, September 2026

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

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

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

Source: DEP, September 2026

Projections for 2026

The DEP's document of macroeconomic projections states that, both in the world and in B&H, during 2026 there was a slowdown in GDP growth and an increase in inflationary pressures compared to the previous year. According to DEP's projections, based on available data and macroeconomic models, real GDP growth of 2.1% can be expected in Bosnia and Herzegovina in

[1] Official Gazette of B&H No. 23/26 as of March 27, 2026.
[2] Official Gazette of B&H No. 45/26 as of June 30, 2026.

2026. It is expected that domestic demand, mainly through increased consumption and to a much lesser extent investment, will represent the main basis of projected economic growth. A real growth in final consumption of 3% is projected. Bearing in mind the geopolitical instability and reduction in growth in the EU economy, energy shocks and inflation growth, as well as the negative impact of the aforementioned external circumstances on the export demand for products from B&H, real export growth of only 1.9% in 2026 is estimated. On the other hand, in conditions of strengthening domestic demand, real import growth of 3.8% is estimated.

Projections for 2027

In its projections of macroeconomic indicators, DEP points out that current geopolitical instability largely determines economic trends in B&H. The estimated real GDP growth for B&H for 2027 is slightly higher than for the previous year, and amounts to 2.4%. The main assumptions of this projection are the stabilization of external dynamics in the environment and internal dynamics in the country. They expect that domestic demand, through increased consumption and partly investment, will represent the main basis of projected economic growth, with a negative, but slightly better contribution from the external sector compared to the previous year. With the assumptions that there will be a stabilization in the labor market, a continuation of the trend of wage growth in line with productivity growth, an increase in the inflow of remittances from abroad and a gradual normalization of the inflation rate, DEP forecasts a real growth of final consumption of 2%.

Projections for the period 2028 - 2029

According to DEP's projections, economic trends in the external environment, especially in the EU-27 countries, represent an important determinant for economic trends in Bosnia and Herzegovina in the coming period, in addition to internal dynamics. The DEP states that the challenge for creating macroeconomic projections for Bosnia and Herzegovina was the availability of international data, given that the autumn edition of the DG ECFIN projections was not available at the time of the preparation of their document from September 2026. It was stated that, when creating their projections, they used the then available edition of the European Central Bank projections[3], according to which the projected economic growth in the Eurozone in 2028 is 1.5%. According to DEP's projections, real economic growth of 3.1% and 3.3% can be expected in B&H in the basic scenario for 2028 and 2029, respectively.

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

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

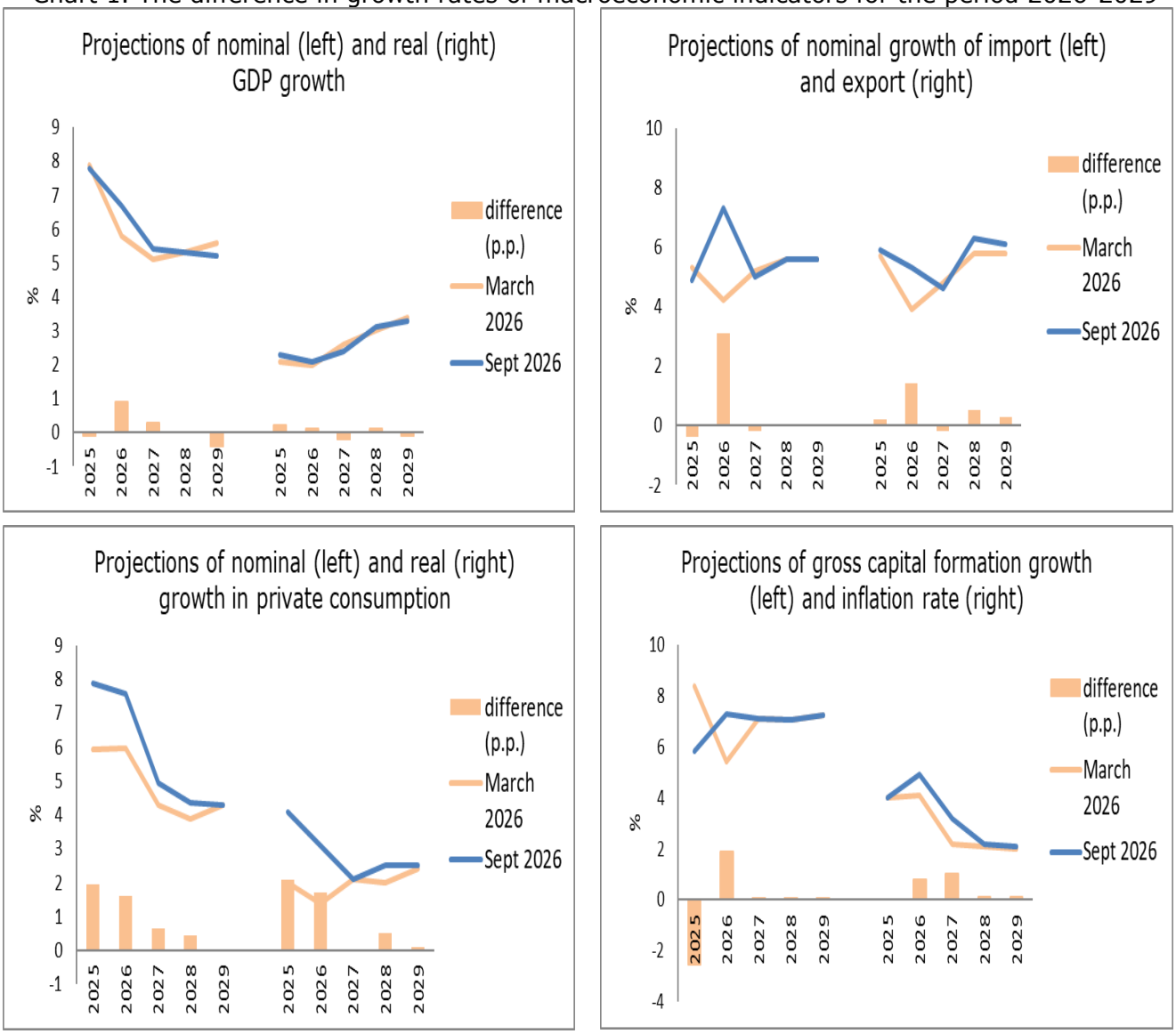
Projections for 2026

In relation to DEP's projections of macroeconomic indicators from March 2026, in their new projections from September 2026, the indicators for 2026 have been corrected as follows:

- nominal GDP growth by +0.9 p.p.,
- nominal growth of imports by +3.1 p.p.,
- nominal growth of exports by +1.4 p.p.,
- nominal growth of private consumption by +1.6 p.p.,
- nominal growth of government consumption by +4.3 p.p.,
- nominal growth of gross capital formation +1.9 p.p.,
- inflation +0.8 p.p.

[3] ECB staff macroeconomic projections for the euro area, September 2026; www.ecb.europa.eu

Chart 1. The difference in growth rates of macroeconomic indicators for the period 2026-2029



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

Projections for 2027

In relation to DEP's projections of macroeconomic indicators from March 2026, in their new projections from September 2026, the indicators for 2027 have been corrected as follows:

- nominal GDP growth by +0.3 p.p.,
- nominal growth of private consumption by +0.6 p.p.,
- nominal growth of government consumption by -1.3 p.p.,
- nominal growth of imports by -0.2 p.p.,
- nominal growth of exports by -0.2 p.p.,
- inflation +1 p.p.

The projected growth rate of gross capital formation for 2027 has not changed compared to DEP's projections from March 2026.

Projections for 2028 and 2029

In relation to DEP's projections of macroeconomic indicators from March 2026, in their projections from September 2026, nominal GDP growth for 2028 was not corrected, while growth for 2029 was slightly changed by -0.4 p.p. A comparison of DEP's latest and previous projections for these years 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, 33/17, 46/2023, 80/2023 and 20/2025). The amendment to the Law on VAT, which introduces the right to a VAT refund on the purchase of the first residential property,[4] entered into force on April 12, 2025, but they apply as of July 8, 2026. with the entry into force of the Book of Rules on the Amendments to the Book of Rules on the Implementation of the Law on VAT.[5] The amendments to the Book of Rules specify the conditions for applying the right to a VAT refund.

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).[6] The policy of excises on tobacco in 2026 is regulated by the Law on Excises and Decision[7] 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).[8]

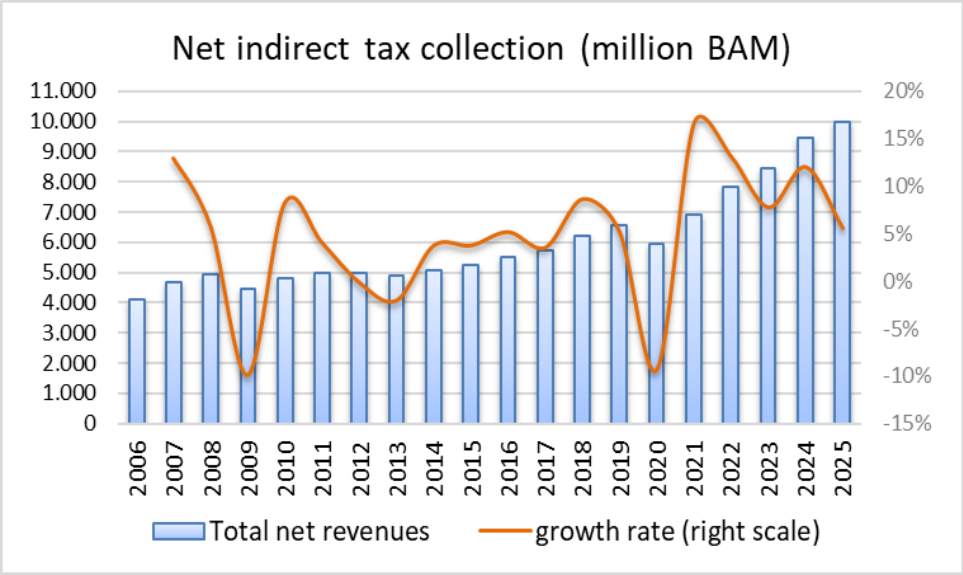
The Law[9] on Customs Policy in Bosnia and Herzegovina regulates the basic elements of customs policy and general rules and procedures that apply to goods brought into and out of the customs territory of Bosnia and Herzegovina.

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%.

[4] Official Gazette of B&H No. 20/25
[5] Official Gazette of B&H No. 45/26
[6] 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.
[7] 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)
[8] 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)
[9] 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.

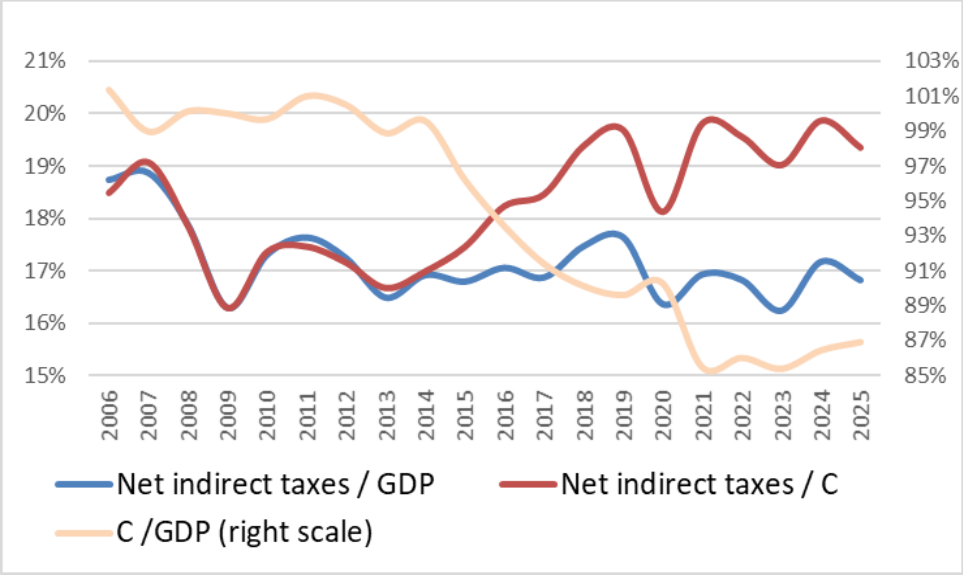
Chart 2. Net revenues from indirect taxes on ITA Single Account, 2006-2025



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[10] : (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 and BHAS, calculation and presentation of the MAU

[10] 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%. In 2025, it fell again to 19.4%.

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	19,4

Source: Calculation of the MAU based on the ITA and BHAS data (September 2026)

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

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

Table 3. Baseline scenario of revised indirect tax revenue projections (2026-2029), October 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	7.314,3	7.674,4	8.008,5	8.350,7		10,6%	4,9%	4,4%	4,3%
Excises	1.923,4	1.939,2	2.008,2	2.082,9	2.160,3		0,8%	3,6%	3,7%	3,7%
Customs	619,4	657,3	688,2	726,8	767,5		6,1%	4,7%	5,6%	5,6%
Road fee	763,9	733,3	737,5	760,4	785,5		-4,0%	0,6%	3,1%	3,3%
Other *)	55,7	58,4	58,9	59,6	60,3		4,8%	0,9%	1,1%	1,3%
TOTAL	9.974,0	10.702,4	11.167,2	11.638,1	12.124,2		7,3%	4,3%	4,2%	4,2%
Earmarked road tax **)	-477,2	-458,3	-460,9	-475,2	-490,9		-4,0%	0,6%	3,1%	3,3%
Funds for distribution	9.496,8	10.244,2	10.706,2	11.162,9	11.633,3		7,9%	4,5%	4,3%	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 revised indirect tax revenue projections in % of GDP (2026-2029), October 2026

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

Data source for GDP: BHAS (September 2026, data for 2025) and DEP's projection (September 2026)

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

2.1. Projections for 2026

Compared to the Unit's projections from April 2026 (hereinafter referred to as "previous projections"), projections of indirect tax revenues from October were increased by 121.5 million BAM for 2026. The VAT revenue projections were revised the most (+101.7 million BAM), due to positive collection trends in the second and third quarters of 2026, above expectations in April, and significant corrections in projections of macroeconomic indicators for 2026 by DEP in their September projections compared to March projections (Chart 1).

Projections of revenues from excise taxes on tobacco for 2026 were corrected downward by 26.3 million BAM compared to the Unit's April projections. The trends in the collection of excise taxes on tobacco products in 2026 did not follow the nominal and real trends, according to the revised macroeconomic projections for 2026. The poor collection in August and the significant drop in collected excise taxes in September of 9.6% resulted in negative growth in the third quarter of 2026, while the cumulative growth rate for nine months was reduced to 3.1%, the lowest level in the entire year. One of the reasons for reduced excise duty collection was the change in the consumption structure of tobacco products. Data from the ITA show a growing trend of using less taxed smoking tobacco instead of cigarettes, while, on the other hand, there was a slowdown in the collection of excise duty on cigarettes. Likewise, one of the causes of lower excise duty collection on tobacco products compared to the Unit's projections from April 2026 was the massive use of e-cigarettes and other new tobacco products as untaxed substitutes for cigarettes and smoking tobacco.

Compared to the Unit's projections from April 2026, the projections of revenues from excise duties on oil derivatives and road fees for 2026 have been revised upward by 13.4 million BAM and 33 million BAM respectively, due to more favorable collection trends in the last few months compared to expectations in April 2026.
Customs revenue projections for 2026 have been revised downwards by 7.3 million BAM despite DEP's upward revision of import projections. Customs revenue projections have been revised due to deterioration of the ratio of collected customs duties in imports compared to the ratio at the beginning of the year and expectations from April.

2.2. Projections for 2027-2029

Compared to the Unit's previous projections, the estimates of revenues from indirect taxes for 2027, 2028 and 2029 have been revised by +158.6 million BAM, +206.4 million BAM and +210.9 million BAM, respectively. The revision of the projections is the cumulative result of the change in the statistical basis (projections for the year 2026) and the revision of DEP's projections of macroeconomic indicators (Chart 1).

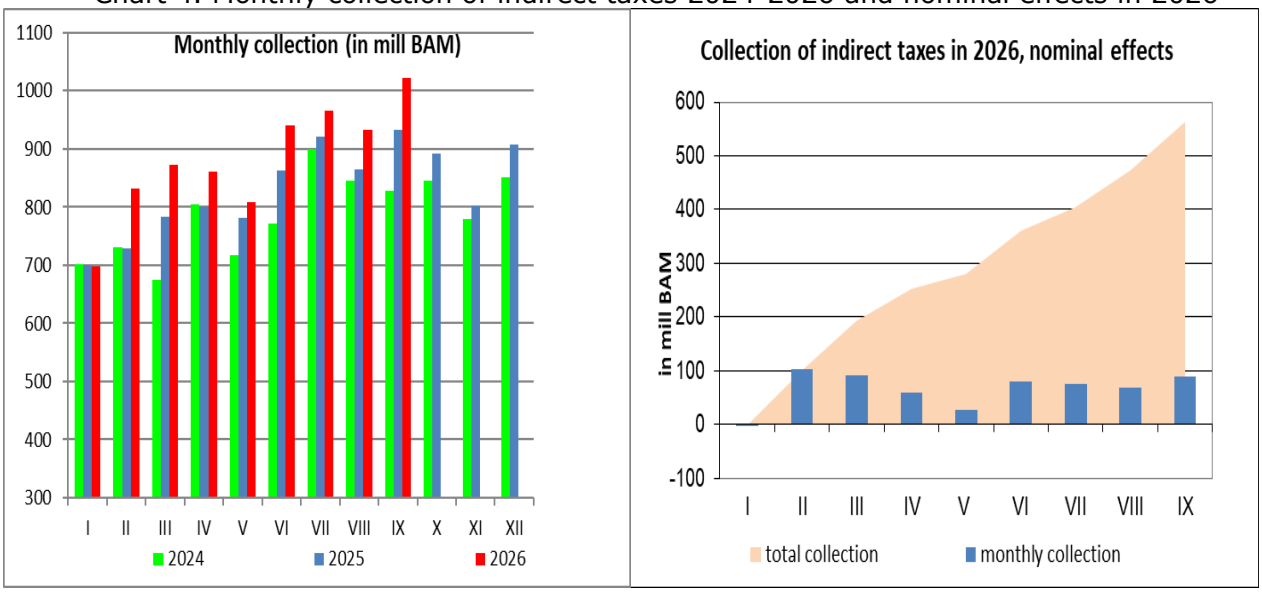
3. Projection of total revenues from indirect taxes

3.1. Projections for 2026

According to the preliminary cash flow report, 1.2 billion BAM of gross revenues was collected at the ITA Single Account in September 2026, or 87.6 million BAM more than in September 2025. Refund payments were lower by 1.2 million BAM, so that the net effects in September amounted to 88.8 million BAM, representing a growth of 9.5%.

An overview of the monthly net collection of indirect taxes for nine months of 2026 points to the conclusion that in all months, except for January, the collection was higher than in the same month of 2025, with the maximum net collection in September 2026 (Chart 4, left).

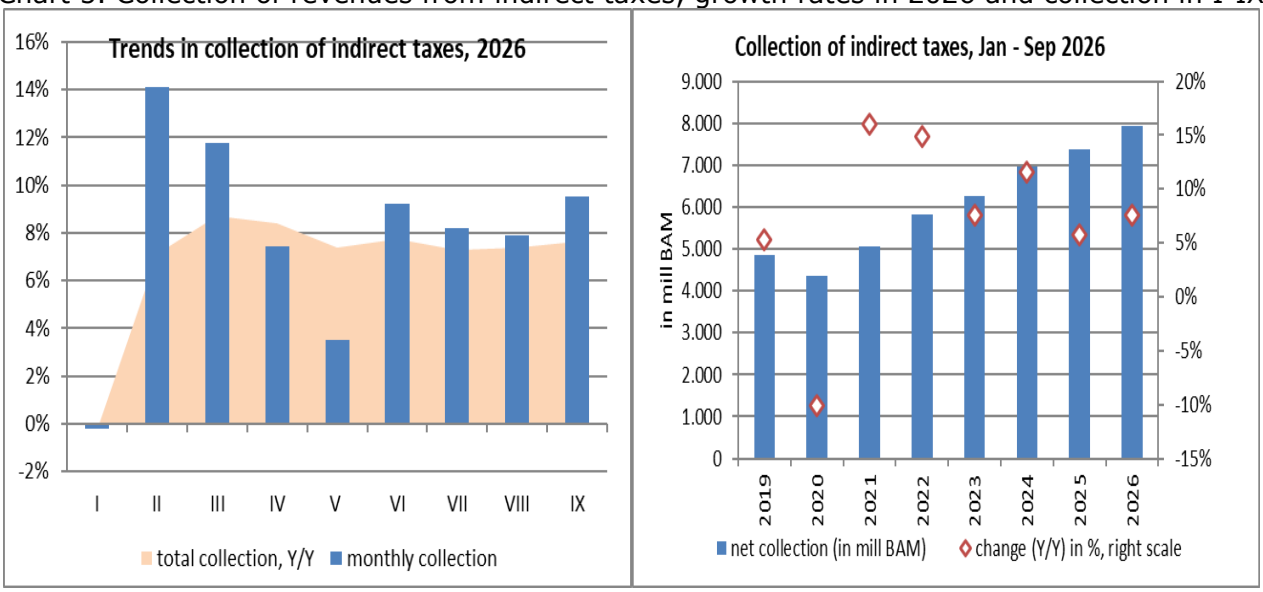
Chart 4. Monthly collection of indirect taxes 2024-2026 and nominal effects in 2026



Source: Indirect Taxation Administration, calculation and presentation of the MAU

Similarly, it can be concluded that monthly net collection effects were uniform, without large fluctuations, except in January, when 1.4 million BAM less was collected, and in May, when a modest net effect of 27.6 million BAM was realized (Chart 4, right). In the other seven months, net effects ranged between 60 million BAM (April) and a maximum of 92 million BAM (March). Cumulative net effects for the nine months of 2026 are 562.6 million BAM, representing a growth of 7.6% compared to the period January - September 2025.

Chart 5. Collection of revenues from indirect taxes, growth rates in 2026 and collection in I-IX



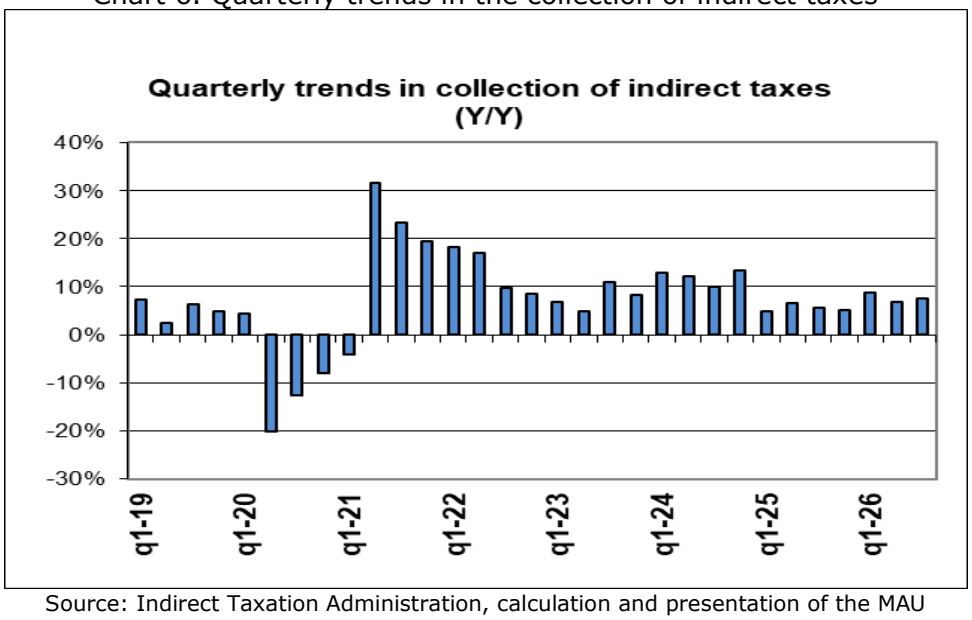
Source: Indirect Taxation Administration, calculation and presentation of the MAU

However, a review of monthly growth rates shows strong oscillations in the first five months, from -0.2% (January) to +14.1% (February). Since June, trends have stabilized, with monthly growth rates ranging from 8% to 9.5% (Chart 5, left). The cumulative growth rate has fluctuated strongly in the first few months, with a maximum of 8.4% growth achieved in the first quarter. Since April, the cumulative growth rate has stabilized, moving in a narrow range of 7.3-7.7% (Chart 5, left).

From the review of growth rates at the level of nine months in the last eight years (Chart 5, right), it can be concluded that, after the turbulent period 2020 - 2024, which includes the time of the pandemic, the beginning of the war in Ukraine, the energy crisis, the beginning of the war in the Middle East and the change in the excise policy[11], the growth rate of indirect taxes has finally stabilized. After extremely low (2020) and extremely high growth rates (2021, 2022, 2024), the trends in 2025 and 2026 foreshadow the time of "normalization" of growth rates, although they are still above consumption growth.

An overview of quarterly growth rates of revenues from indirect taxes shows that the trend of high positive quarterly growth rates, which lasted for four years, stopped at the beginning of 2025 (Chart 6). In the period 2021-2024, the global economic, political and energy crises resulted in an increase in the prices of goods and services and an unusually high rate of growth in the collection of *ad valorem* taxes in B&H, which was corrected to a lesser extent by decline in the collection of specific taxes due to the reduction in energy consumption and the loss of a significant amount of revenues from excise taxes on tobacco products due to the transition to a new payment regime. Quarterly growth rates in 2025 were halved compared to previous years, and were in the range of 5-6.6%. The beginning of 2026 was marked by zero growth in net revenues from indirect taxes. The reason for the poor start at the beginning of the year was high VAT refund payments due to export growth at the end of 2025, while the sharp 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. [12] At the level of the first quarter of 2026, the gross collection of revenues from indirect taxes was higher by 6.5% compared to the first quarter of 2025. However, the refunds were lower by 4.3%, which resulted in a quarterly growth rate of 8.7%.

Chart 6. Quarterly trends in the collection of indirect taxes



Source: Indirect Taxation Administration, calculation and presentation of the MAU

The energy crisis that occurred with the outbreak of the war between the USA and Iran led to an enormous increase in prices of energy products and other goods and services, which resulted in a contraction of consumption. The decline in the consumption of oil derivatives through excise and

[11] Change in the excise duty payment regime on tobacco products at the beginning of 2023.
[12] To illustrate the first effects of the new war, only the increased import of oil derivatives in March and the collection of excises and road fees brought 2.6 p.p. of the increase in net collection of indirect taxes in that month.

road fees had a negative impact on the collection of indirect taxes. In the second quarter of 2026 a growth rate of 6.9% was achieved.

The start of negotiations between the USA and Iran has led to the stabilization of the energy and other goods market, which brought the strong import growth in June, July and August. Positive effects on revenue collection were reflected to the greatest extent on *ad valorem* taxes. However, due to the growth of exports in the same period, VAT refund payments were increased, and in the third quarter a net collection growth of 7.5% was achieved.

According to DEP's projections, nominal GDP growth of 6.7% is expected in 2026, and private consumption growth of 7.6%. The projected inflation rate is 4.9%.[13] Taking into account all of the above, **it is expected that the net collection of revenues from indirect taxes in 2026 will amount to 10,702.4 million BAM. The projected growth rate of revenues from indirect taxes for 2026 is 7.3%.**

3.2. Projections for the period 2027-2029

For the period 2027-2029, DEP has projected slightly lower GDP growth rates than for 2026, at a level of around 5.3%. Similarly, much lower nominal consumption growth rates are projected. The projected nominal private consumption growth rate for 2027 is lower by 2.6 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 3.2 p.p. and 3.3 p.p., respectively.

Box 1: Projections of net revenues from indirect taxes

	2025	2026	2027	2028	2029
Projections, million BAM	9.974,0	10.702,4	11.167,2	11.638,1	12.124,2
Projections, growth rate		7,3%	4,3%	4,2%	4,2%
Projections, % of GDP	16,8%	16,9%	16,7%	16,6%	16,4%

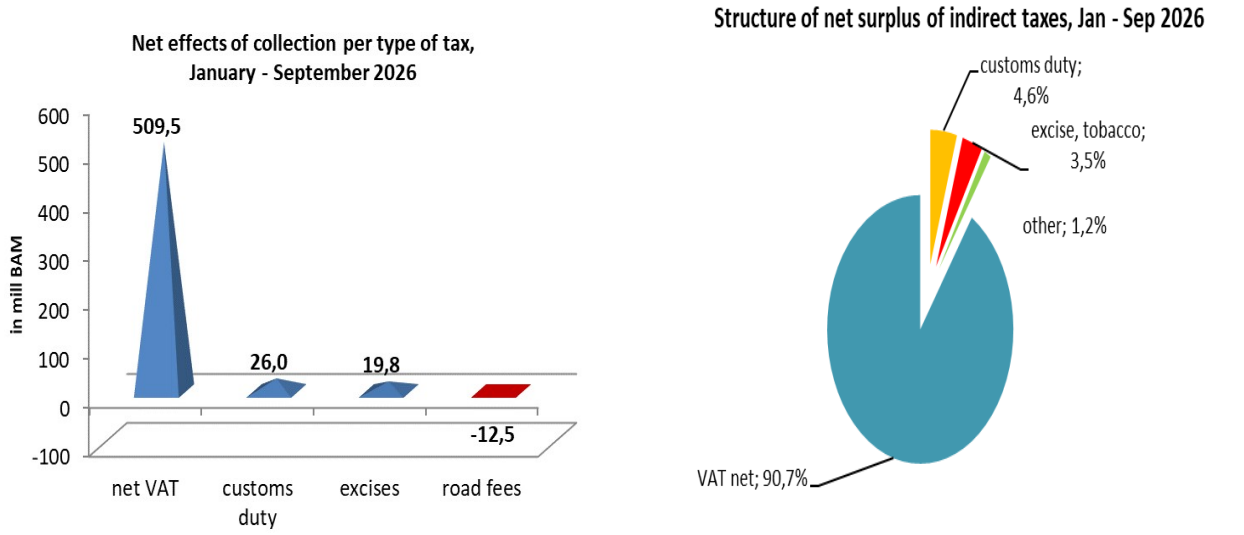
The projected growth rates of net revenues from indirect taxes for 2027, 2028 and 2029 are 4.3%, 4.2% and 4.2%, respectively. The revenue projection in the mentioned period is based on projected relevant macroeconomic indicators, historical seasonal collection pattern and projections of certain categories of revenues for the year 2026 (Box 1).

[13] Inflation measured by the consumer price index, DEP, September 2026

III ANALYTICS OF PROJECTIONS OF REVENUES FROM INDIRECT TAXES

The analysis of the structure of net surplus achieved in the period January - September 2026 points to the conclusion that the main and decisive factor in the growth of revenues from indirect taxes was VAT. For nine months of 2026, the surplus in VAT collection amounted to 509.5 million BAM, in revenues from customs duties 26 million BAM, and in excises 9.8 million BAM. At the same time, revenues from road fees was 12.5 million BAM lower than in the same period in 2025 (Chart 7, left).

Chart 7. Net nominal effects by type of tax in the period I-IX 2026



Source: Indirect Taxation Administration, calculation and presentation of the MAU

Net VAT has a share of as much as 90.7% in the structure of net revenue surplus of indirect taxes. The share of other categories of indirect taxes in the net surplus is modest (Chart 7, right).

1. VAT revenue projections

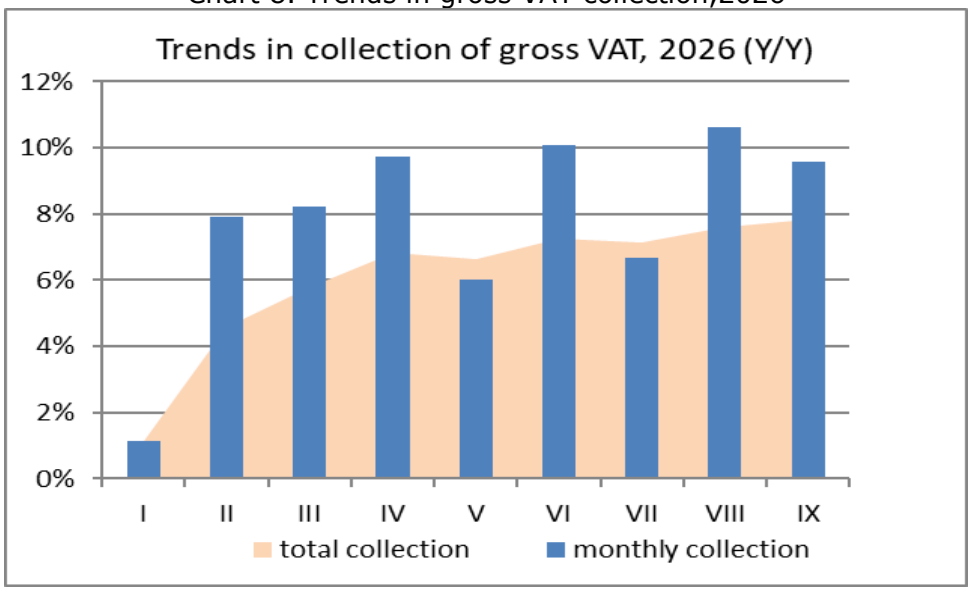
1.1. VAT revenue projections for 2026

Gross collection

The monthly collection of gross VAT fluctuated strongly during 2026. However, in six months, the monthly growth rate was between 8% and 11%, which resulted in a stable cumulative growth rate, which for the last six months has been in a narrow range of 6.8% to 7.9% (Chart 8).

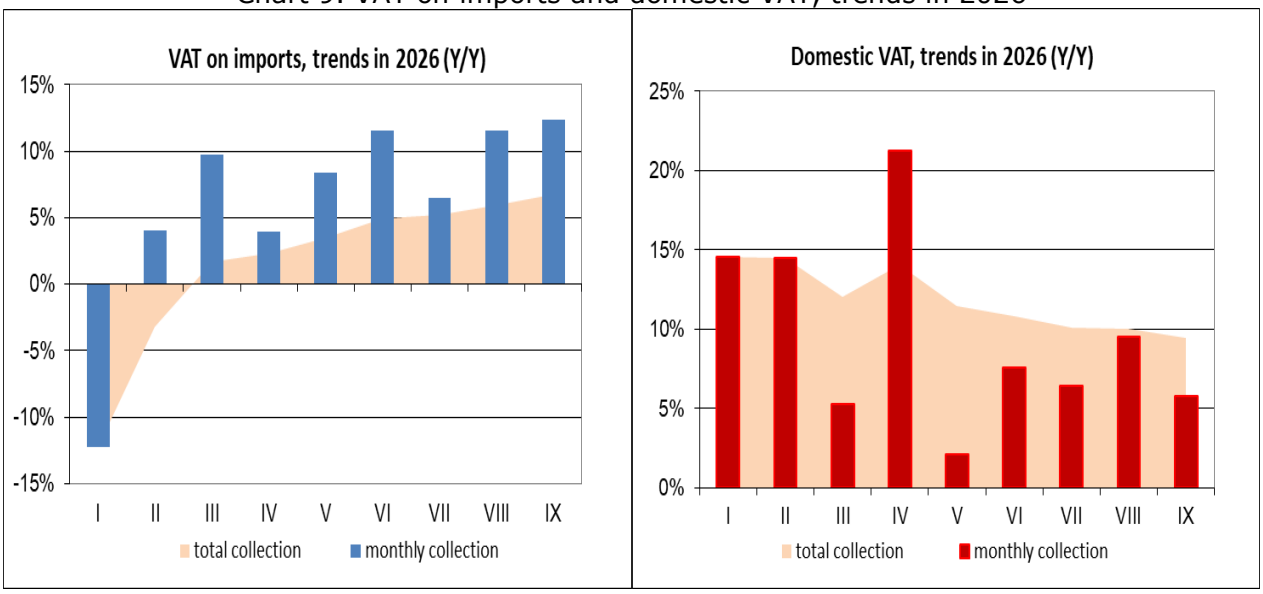
Analysis of the structure of gross VAT in the first quarter of 2026 indicated that the poor growth in gross VAT collection at the beginning of 2026 was a consequence of a significant drop in VAT collection on imports of -12.2% (Chart 9, left). Strong import growth in the rest of the year increased the growth rate of VAT on imports, reaching a maximum of 12.4% in September. Positive trends in VAT collection on imports for nine months brought a cumulative growth of 6.7%.

Chart 8. Trends in gross VAT collection,2026



Source: Indirect Taxation Administration, calculation and presentation of the MAU

Chart 9. VAT on imports and domestic VAT, trends in 2026



Source: Indirect Taxation Administration, calculation and presentation of the MAU

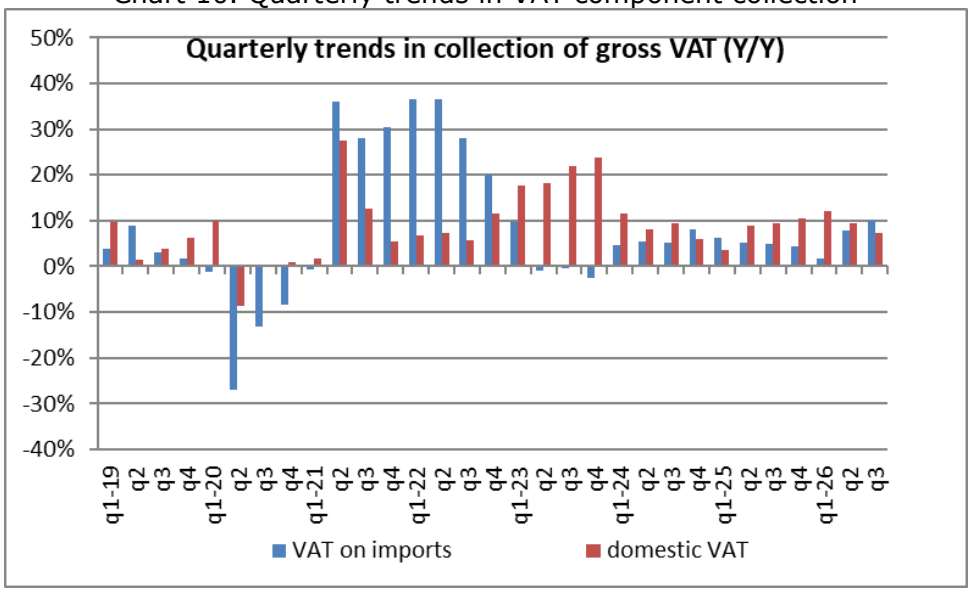
On the other hand, in contrast to the stable monthly growth rates of VAT on imports, strong monthly oscillations are noticeable in the collection of domestic VAT, from 2.1% (May) to 21.2% (April). Ultimately, the cumulative growth rate of domestic VAT for the nine months of 2026 is 9.5% (Chart 9, right). These are still high growth rates above consumption projections. Given that 43.5 million BAM of unadjusted revenues were recorded in the period January - September, a higher growth in domestic VAT can be expected, because a larger part of unadjusted revenues regularly relates to VAT payments.

The recovery of imports in February and March brought a strong growth in the collection of VAT on imports, in which difficulties from the first two months were canceled and a minimal growth was achieved at the level of the first quarter of 1.7%. The continuation of positive trends brought growth in the second and third quarters of 2026 of 7.9% and 10%, respectively. As a consequence of the oscillatory trend of domestic VAT collection, a downward trend in quarterly growth rates is

noticeable. In the first quarter, a growth rate of 12.2% was achieved, and in the second and third, growth rates of 9.5% and 7.2% were achieved.

Quarterly comparisons of VAT collection on imports indicate a trend of sudden recovery of VAT collection on imports, after a downward trend that lasted for five consecutive quarters (Chart 10, "VAT on imports"), but also a slight slowdown in domestic VAT collection, after the first shock caused by the war in the Middle East (Chart 10, "domestic VAT").

Chart 10. Quarterly trends in VAT component collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

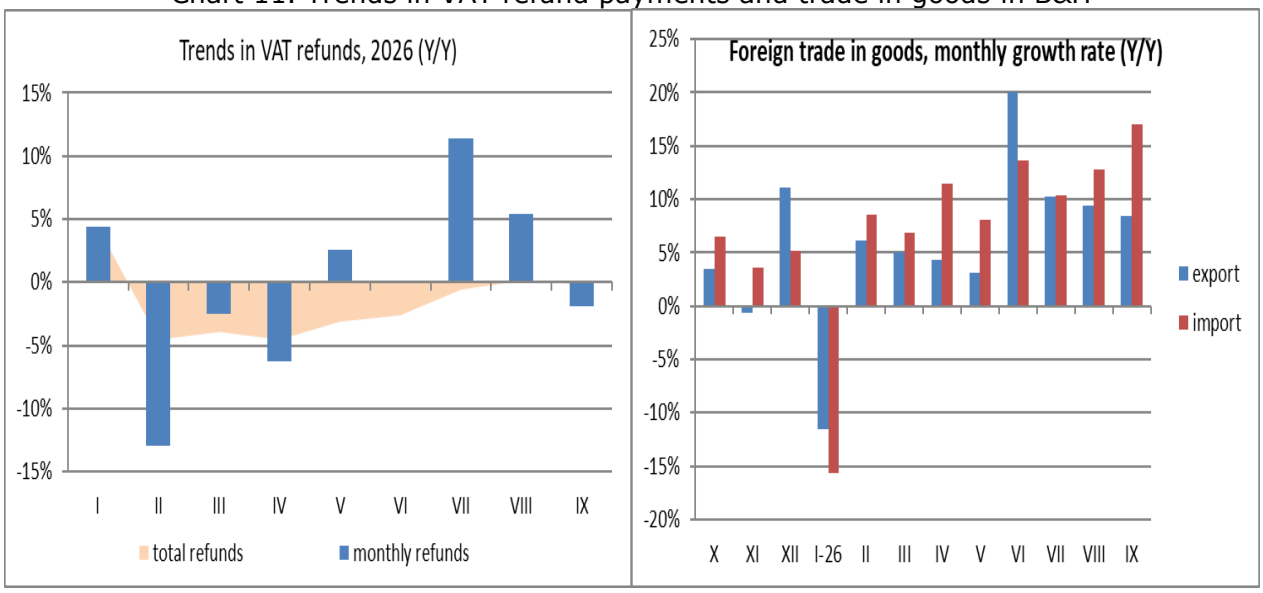
VAT refunds

In absolute terms, VAT refund payments for nine months of 2026 were almost at the same level as in the same period in 2025. At the beginning of the year, an increase in refund payments was recorded due to the growth of exports and imports at the end of 2025 (Chart 11, left). [14] After that, there was a three-month period of reduced refund payments, as a consequence of the strong deterioration of foreign trade exchange in January 2026 (Chart 11, right). Although refund payments increased from May to August due to high export growth rates (the maximum growth was achieved in July 2026 as a result of the enormous 20.1% increase in exports in June), the increase was canceled out by the decrease in refund payments in September.

The slowdown in VAT refund payments in the first half of 2026 is also indicated by the indicator of the share of refunds in gross VAT collection (Chart 12, left). At the beginning of the year, the share exceeded 27%, and at the level of nine months it amounted to 23.1%, which is 1.9 p.p. lower than in the same period in 2025. The 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, fell to a zero growth rate in the fourth quarter of 2025, and in the first and second quarters of 2026 were in the negative growth zone with a rate of -4% and -1.4%, respectively. The improvement in foreign trade was reflected in the growth of VAT refund payments in the third quarter of 4.9% (Chart 12, right).

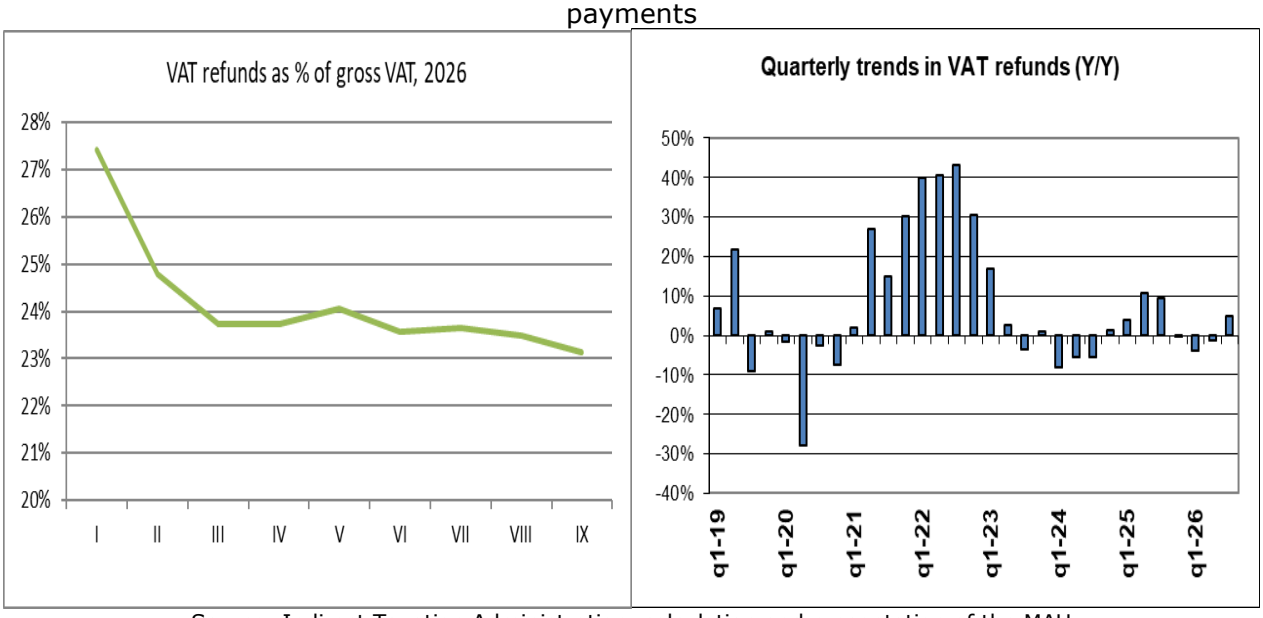
[14] Due to the legal deadlines for payment of VAT refunds to exporters (30 days) and importers (60 days), the increase in VAT refund payments in January 2026 was the result of an increase in exports in December 2025 and an increase in imports in November 2025.

Chart 11. Trends in VAT refund payments and trade in goods in B&H



Source: BHAS, Indirect Taxation Administration, calculation and presentation of the MAU

Chart 12. Share of cumulative refunds in cumulative VAT and quarterly changes in refund payments



Source: Indirect Taxation Administration, calculation and presentation of the MAU

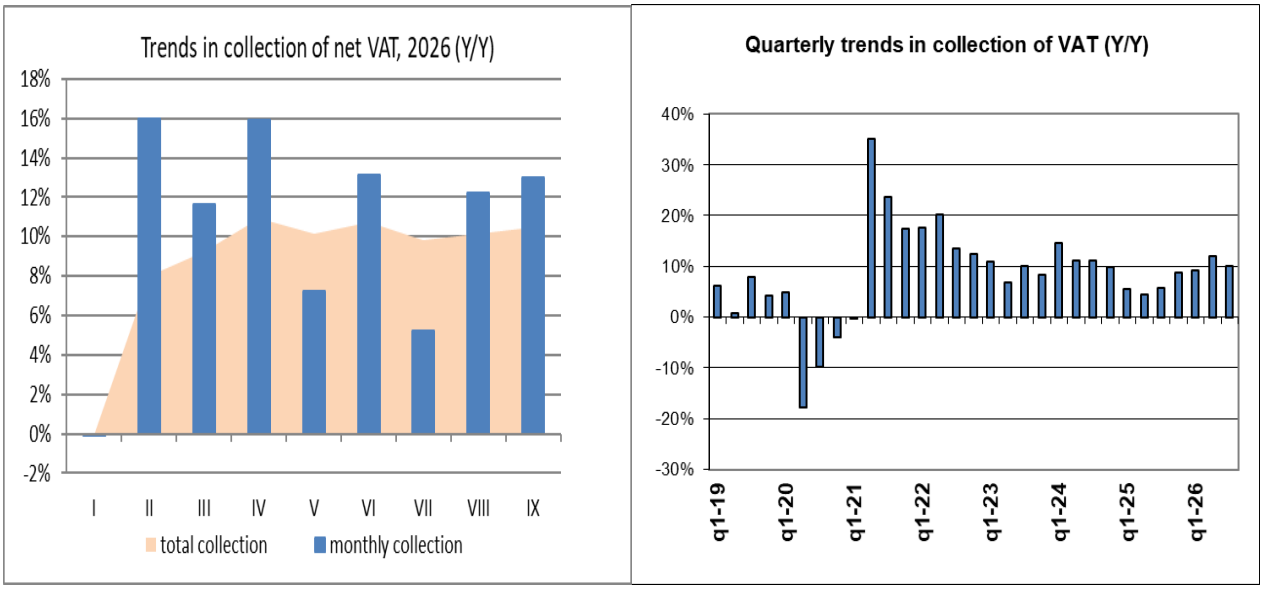
From the analysis of the refund structure according to refund users, it can be concluded that there have been significant changes, even in a situation where there is no increase in total VAT refund payments. There was a restructuring in such a way that payments to taxpayers increased by 28.5 million BAM, while at the same time VAT payments to international projects were reduced by 28.1 million BAM.

Amendments to the Law on VAT, which introduce the right to refund VAT on the purchase of the first residential building, entered into force on April 12, 2025. They apply from July 8, 2026 with the entry into force of the Book of Rules on the Amendments to the Book of Rules on the implementation of the Law on VAT. The amendments to the Book of Rules specify the conditions for applying the right to a VAT refund. In the month of September 2026, the first refund payments to users on this basis began.

Net collection

During the period January – September 2026, only in January was the collection of net VAT slightly below the net collection in January 2025 (Chart 13, left). After January, very high monthly growth rates of net VAT were recorded as a result of two positive trends – growth in gross VAT collection and a slowdown in VAT refund payments. Monthly growth rates ranged widely from 5.2% (July) to as much as 16% (February and April). Although monthly growth rates fluctuated in the following five months, the trend of a high cumulative growth rate of net VAT of around 10% was maintained. 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 13. Trends in net VAT collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

Quarterly comparisons of net VAT in 2025 indicate an acceleration of the net VAT growth in the fourth quarter of 2025 (+8.7%). Then, in the first quarter of 2026 a net VAT growth of 9.3% was achieved, and in the second as much as 12.1%. Increased refund payments as a result of the strong growth of exports and imports reduced the net collection of VAT, so that a growth of 10.1% was achieved in the third quarter (Chart 13, right).

The projected amount of net revenues from VAT in 2026 is 7,314.3 million BAM, which is 10.6% 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.

2.1. VAT revenue projections 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,[15] 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.

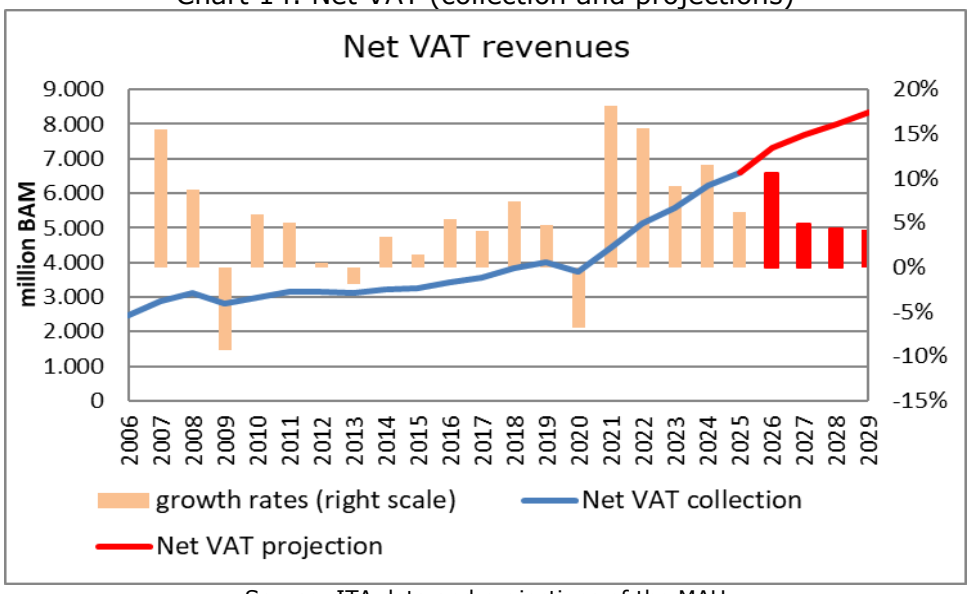
[15] Years in which effects of the global financial crisis (2009) and the emergence of the corona virus pandemic (2020) were pronounced

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 10.6% 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 14).

Box 2: VAT revenue projections

	2025	2026	2027	2028	2029
Projections, million BAM	6.611,6	7.314,3	7.674,4	8.008,5	8.350,7
Projections, growth rate		10,6%	4,9%	4,4%	4,3%
Projections, % of GDP	11,2%	11,6%	11,5%	11,4%	11,3%

Chart 14. Net VAT (collection and projections)



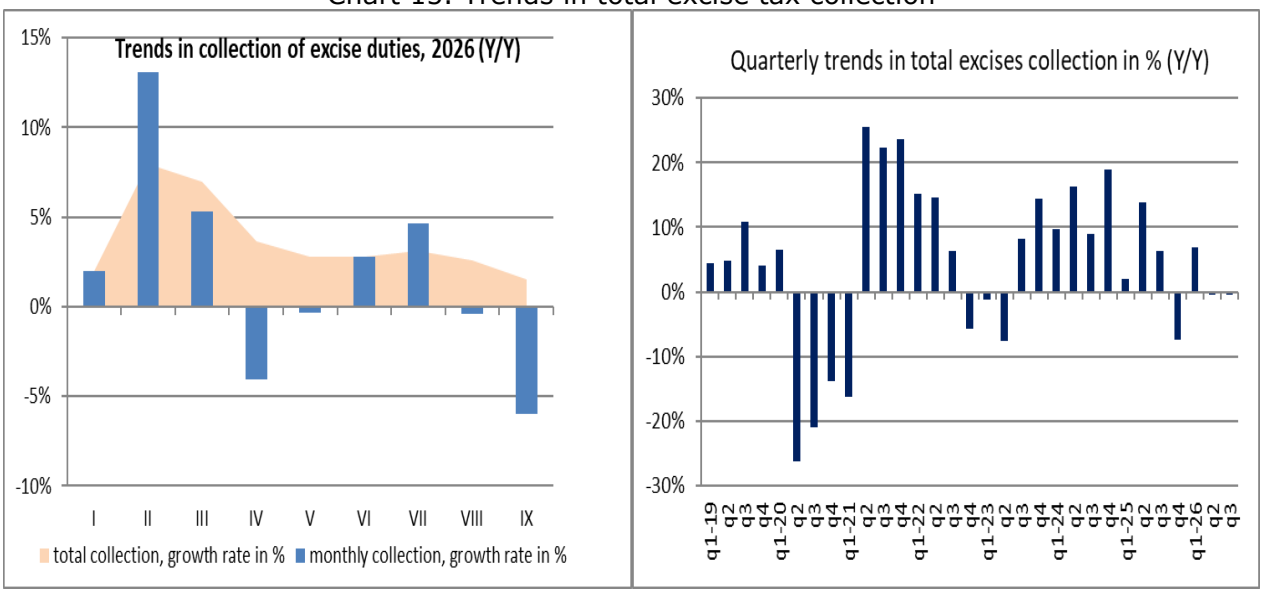
Source: ITA data and projections of the MAU

2. Excise revenue projections

2.1. Projections of total revenues from excise taxes

Excise duty collection during the nine months of 2026 was oscillatory (Chart 15, left), which is a common trend considering the oscillations in excise duty collection on tobacco products as the dominant type of excise revenue that determines overall trends. After poor collection of excise duties in the last few months of 2025, positive growth rates were achieved in the first three months of 2026, with a maximum of 13% in February (Chart 15, left). Oscillations in monthly collection of revenue from excise duties on oil derivatives in the following months have further reduced the cumulative growth rate of total excise duties to only 1.4%. The declining growth trend and the effects of the war in the Middle East on excise collection are best reflected in the quarterly trends. In the first quarter, growth of 7% was recorded, while in the second and third quarters, declines of -0.4% and -0.5% were recorded, respectively (Chart 15, right).

Chart 15. Trends in total excise tax collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

The projected amount of net revenues from excises in 2026 is 1,939.2 million BAM, which is 0.8% more than the realization in 2025 (Box 3). The projection is based on current collection trends, the historical seasonal collection pattern of certain categories of excise taxes (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	1.939,2	2.008,2	2.082,9	2.160,3
Projections, growth rate		0,8%	3,6%	3,7%	3,7%
Projections, % of GDP	3,2%	3,1%	3,0%	3,0%	2,9%

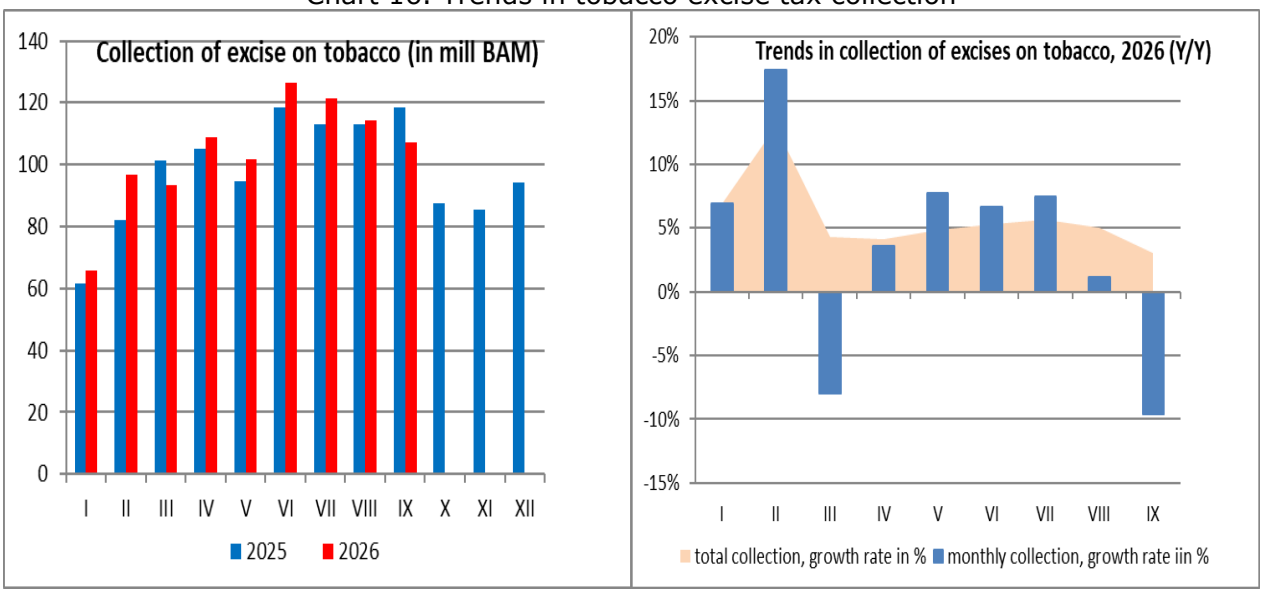
Based on projections for the year 2026 and projections of macroeconomic indicators, stable growth rates of excise revenue are projected for the following years (3.6% in 2027, 3.7% in 2028 and 3.7% in 2029).

2.2. Projections of excise taxes on tobacco products

Projections of excise taxes on tobacco products for 2026

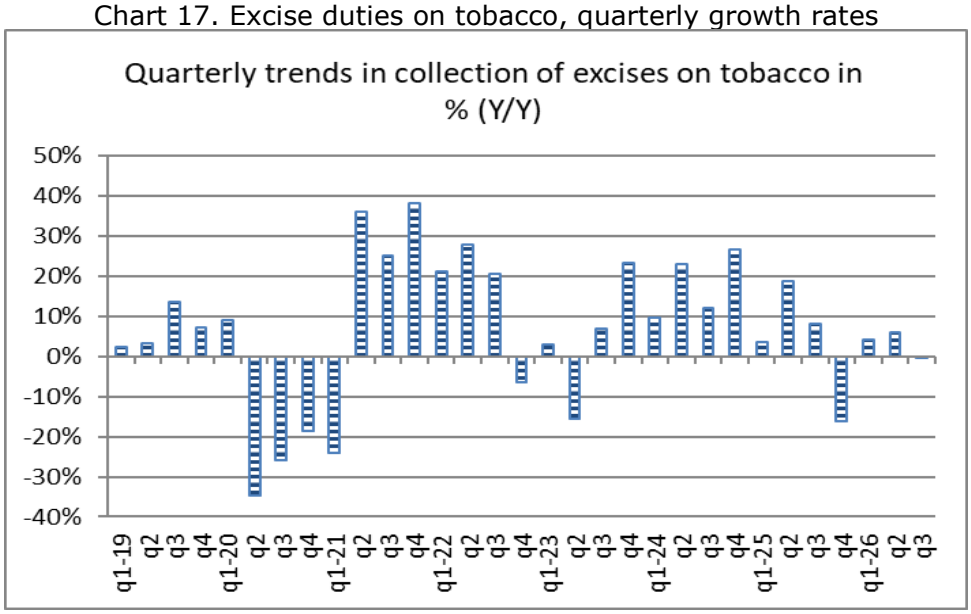
In the period January – September 2026, the collection of excise duties on tobacco products achieved a growth rate of 3.1%. An overview of monthly collection shows a pattern similar to the dynamics of excise duty collection in 2025 (Chart 16, left). The beginning of the year is characterized by low collection in absolute terms, and the maximum collection was recorded in the middle of the year, although a slight decline can be observed after the maximum collection in June. An overview of monthly growth rates shows that the maximum of 17.4% growth was achieved in February (Chart 16, right).

Chart 16. Trends in tobacco excise tax collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

Chart 17. Excise duties on tobacco, quarterly growth rates



Source: Indirect Taxation Administration, calculation and presentation of the MAU

In the rest of the year, the positive growth rates were more moderate, and in two months there were also declines in revenues from excise taxes on tobacco products. In the first quarter of 2026, there were no significant imports of tobacco products, which resulted in a modest increase in excise duty collection of 4.3% (Chart 17). Strong oscillations in the collection of excise duties on tobacco products were largely consequences of the market structure in B&H, which consists of three global tobacco corporations. Any change in business policies or *ad hoc* business decisions, according to the current assessment of the market situation by the management of these corporations, inevitably affects the total collection of excise duties on tobacco products. One of the factors that could have influenced the collection of excise duties on tobacco products in the first quarter of 2026 was the increase in retail prices of cigarettes. In the first quarter of 2026, retail prices were increased on several occasions,[16] which could have encouraged higher imports of cigarettes at the old prices, and thus the collection of excise duty in February, before the application of the new prices. However, 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. Stable monthly growth in the second quarter resulted in a growth rate of 6%. Oscillations in the collection of excise taxes have continued in the third quarter. As the collection in absolute amount has decreased from month to month, and in September it was significantly below the collection in the same month of 2025, a negative growth of -0.5% was achieved in the third quarter.

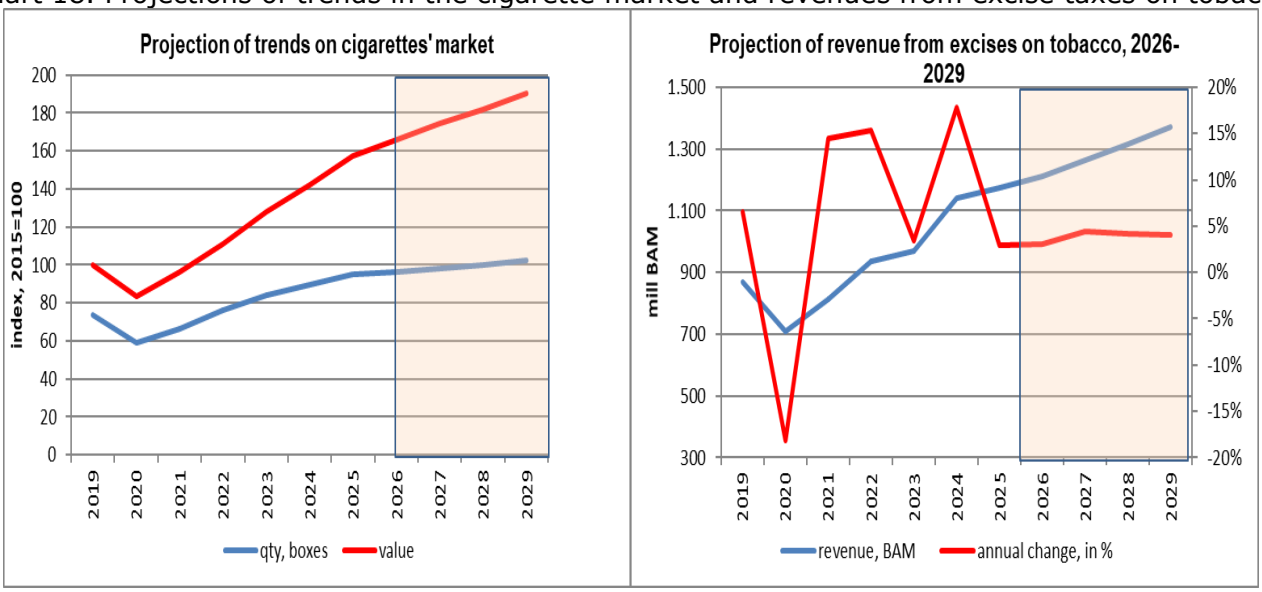
The basic starting point for projections of revenues from excise taxes on tobacco products for 2026 are the current trends in the collection of excise taxes on tobacco products, which are characterized by large fluctuations. Unlike the projections for previous years, the historical trends of excise duty collection on tobacco products cannot be a reliable starting point for projections of collection in 2026, due to the change in the excise duty payment regime during 2023[17], but they can be an indication of trends and excise duty collection in the near future. According to the ITA report for nine months of 2026, the quantity of cigarettes, measured by the number of issued excise stamps, increased by 7.8%, and the value of cigarettes was higher by 13.2% compared to the same period in 2025. The weighted average price of cigarettes for the nine months is higher by 4.5% compared to the weighted average price of cigarettes for 2025. Bearing in mind all the limitations, based on the current trends in the collection of excise taxes on tobacco products and the current trends on the cigarette market in B&H in the period January - September 2026, assuming that there will be no additional increase in the retail prices of cigarettes until the end of 2026, an increase in revenue from excise taxes on tobacco products in 2026 of 3% 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 are expected in accordance with macroeconomic projections.

[16] 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.
[17] The change in the payment regime has led to a structural break in the data series and the loss of direct correlation between collected excise revenue and data on quantities, prices and market value of cigarettes and tobacco from the records of excise stamps issued for tobacco products.

Chart 18. Projections of trends in the cigarette market and revenues from excise taxes on tobacco



Source: ITA data and projections of the MAU

Market growth should follow macroeconomic projections of economic and consumption growth, which, together with the growth of the weighted average price in line with the DEP's consumer price index projections, should lead to further growth in the value of cigarette turnover and taxed cigarette quantities (Chart 18, left). Under the above assumptions, growth rates in excise revenues on tobacco products of 4.4%, 4.2% and 4.1% can be expected in 2027, 2028 and 2029 (Chart 18, right).

2.3. Projections of excise duties on oil derivatives

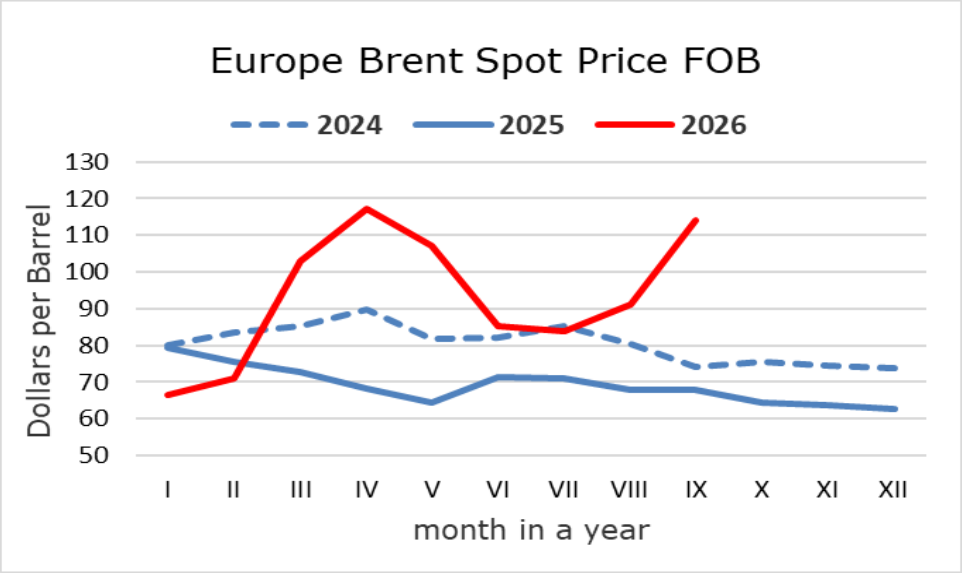
Crude oil prices

The war in the Middle East, which began at the end of February 2026, caused the biggest disruptions in the crude oil market recorded in recent decades. Iran's blockade of the Strait of Hormuz, a key route for oil exports from the Middle East, has brought huge shocks to the energy market. The Strait of Hormuz is one of the world's most important oil chokepoints. Huge quantities of oil pass through the Strait, and there are not many alternative options for moving the route in conditions of its closure. In 2024, the flow of oil through the Strait of Hormuz averaged 20 million barrels per day, representing approximately 20% of the global consumption of oil liquids.[18] Blockades of passage through the main chokepoint create significant delays in oil supply and increase transportation costs, which affects energy prices globally. In the past period, crude oil prices have fluctuated strongly depending on announcements as to whether the Strait of Hormuz will be passable for tankers. Each blockade threatened price escalation and global economic stability.

[18] U.S. Energy Information Administration

Based on data from the U.S. Energy Information Administration, Chart 19 shows the average monthly prices of Brent crude oil[19] in the period from the beginning of 2024 to the end of September 2026. It can be seen that prices have risen strongly since the beginning of the conflict in the Middle East. In March, the price of Brent crude oil reached 103.1 dollars per barrel, and in April even 117.3 dollars per barrel, which is the highest value since June 2022. After the peak in April, prices began to slowly decline. In May, crude oil prices were 107.1 dollars per barrel. In the month of June, prices fell again to double digits, amounting to 85.4 dollars per barrel. The reason is the temporary ceasefire agreement between the US and Iran, which led to a short-term recovery of oil flow through the Strait of Hormuz. [20] In July, prices fell further to 83.8 dollars per barrel, and in August, a jump was again recorded to 91.1 dollars per barrel. In September, the average price increased further to 114.2 dollars per barrel, and daily prices in that month reached a high of 130.8 dollars per barrel. [21]

Chart 19. Crude oil prices, Europe Brent Spot Price FOB



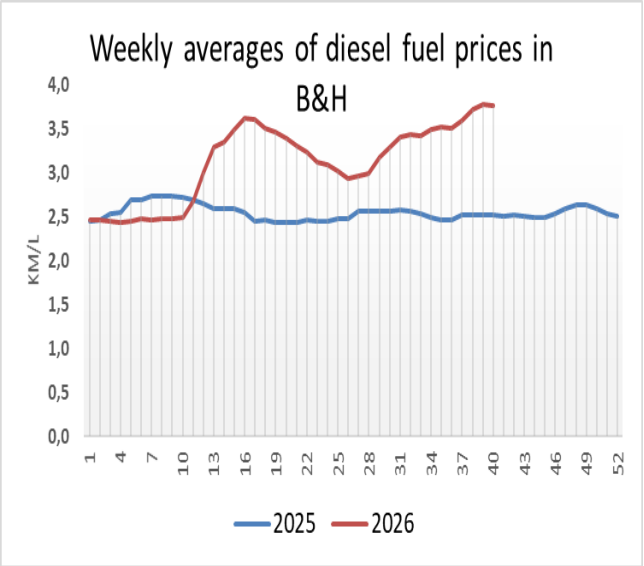
Source: Presentation of the MAU based on data U.S. Energy Information Administration, www.eia.gov

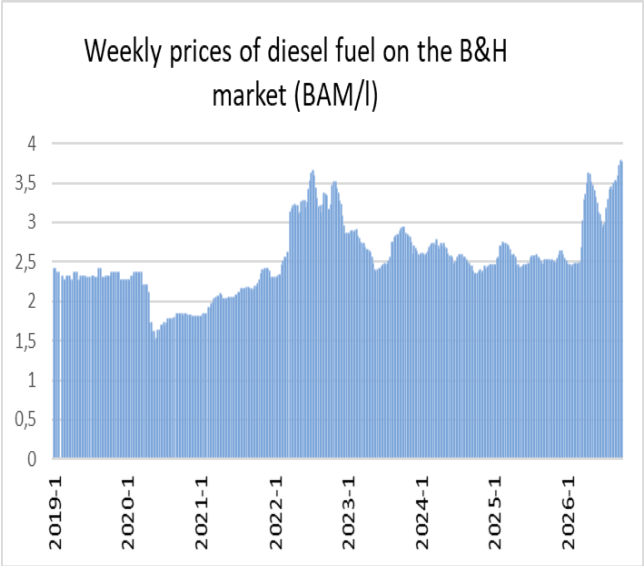
Weekly prices of diesel fuel on the B&H market

In 2026, there was a shock on the derivatives market in Bosnia and Herzegovina due to the conflict in the Middle East. The weekly average prices of diesel fuel[22] on the B&H market were stable until the end of the 10th week of 2026 (March 8) at the level of 2.5 BAM/l, and then their sudden growth began (Chart 20, left). By the end of the 16th week (April 19), they reached a high amount of 3.6 BAM/l. After that, they gradually decreased and in the 27th week (end of the first half of 2026) amounted to 3 BAM/l. After that, the growth trend followed again, so that in the 40th week of 2026 (end of September and beginning of October), diesel fuel prices amounted to a high of 3.8 BAM/l. If we observe the weekly prices from the beginning of 2019 until the end of September 2026 (Chart 20, right), we can conclude that those at the end of September 2026 represent the maximum in the specified period.

[19] Europe Brent Spot Price FOB
[20] The International Energy Agency (IEA), Oil Market Report - July 2026
[21] U.S. Energy Information Administration; Price as of September 15, 2026.
[22] Only data for diesel fuel is shown because after the 19th 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 with data from the International Road Transport Union was discontinued.

Chart 20. Weekly prices of diesel fuel on the B&H market





Source: Presentation of the MAU based on the data from International Road Transport Union downloaded from the website of the Foreign Trade Chamber of Bosnia and Herzegovina

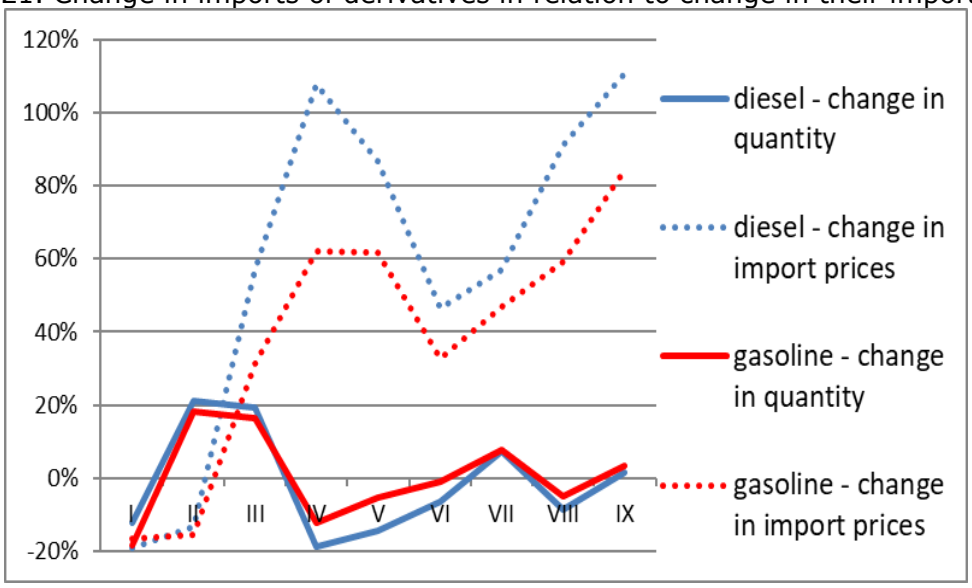
Structure of the base for excise duties on oil derivatives

In the period January - September 2026, the import of all oil derivatives in B&H amounted to 1,443.5 million liters and was lower by 2% compared to the same period of the previous year. Observed by types of derivatives, the import of diesel fuel was lower by 1.9%, gasoline by 0.2%, while the import of all other derivatives together (fuel oil, kerosene, LPG) was lower by 7.7% compared to the previous year.

Considering the large increase in prices of imported derivatives as of March 2026, it is interesting to look at the monthly dynamics within the first three quarters of 2026 (Chart 21). 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 (57% compared to the same month last year). 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. In the month of April, import prices escalated - diesel fuel 107,7% and gasoline 62,1%, compared to April 2025. The import of derivatives began to decline strongly in that month. The drop in diesel fuel imports was 18.7%, while the drop in gasoline imports was 12.4%. In May, the trend of high import price growth rates has continued, while the import of diesel fuel fell by 14.5%, and the import of gasoline by 5.5%. In June 2026, the rates of increase in the prices of imported diesel fuel and gasoline fell below 50%, and there was a decrease in the import of diesel fuel of 6.6%, while in the case of the import of gasoline there was a decrease of only 0.8%. In July, the growth rates of diesel fuel and gasoline prices were around 50% (diesel 57.2%, gasoline 46.7%), and the import growth rate was 7.5% for diesel fuel and 7.7% for gasoline. In August 2026, the growth rate of diesel fuel import prices exceeded 90%, while the growth rate of gasoline import prices was close to 60%. The import of diesel fuel in that month fell at the rate of 8.8%, and the import of gasoline at the rate of 5.1%. And finally, in September, the rates of increase in import prices of diesel fuel and gasoline escalated again (diesel fuel 110.7%, gasoline 84.3%), while the import of these derivatives grew at modest rates of 1.7% and 3.5%, respectively.

From all of the above, we can conclude that monthly imports of oil derivatives in 2026 deviate from the classic law of demand, and that they are determined by anticipatory strategies of distributors and their inventory management in conditions of global uncertainty and price shocks on the crude oil market.

Chart 21. Change in imports of derivatives in relation to change in their import price



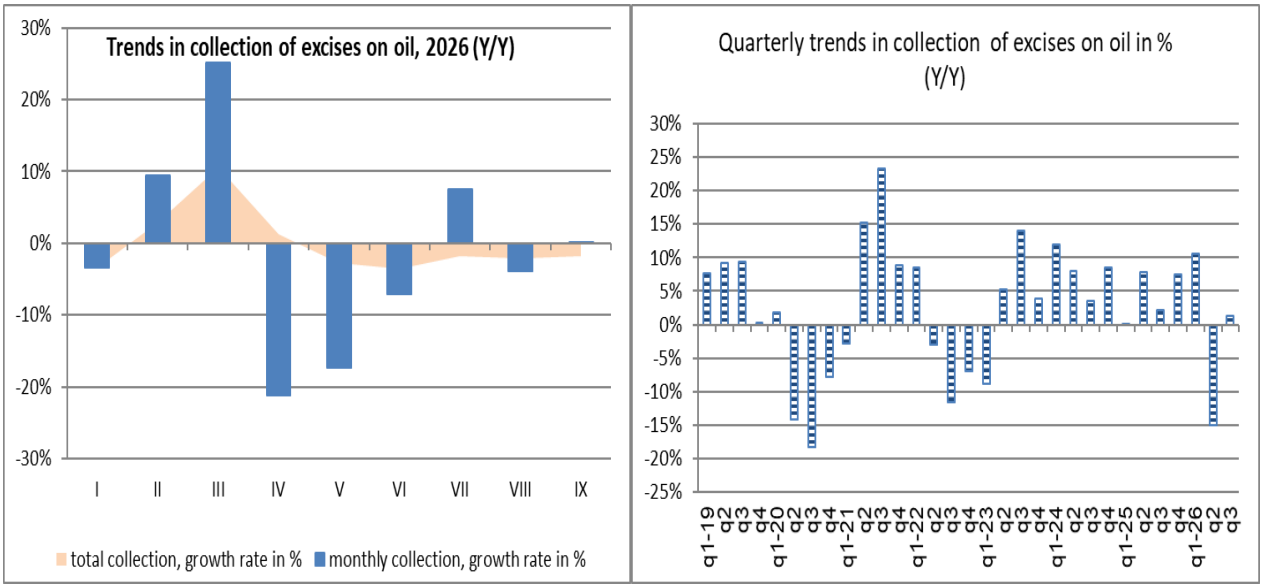
Source: Indirect Taxation Administration, calculation and presentation of the MAU

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 even 25.1% in March, due to a large increase in the import of oil derivatives caused by the start of the war in the Middle East (Chart 22, left). The growth in collection in February canceled the deficit from January, and the huge growth in collection in March brought a growth of 10.6% in the first quarter of 2026 (Chart 22, right). The continuation of war conflicts, with occasional interruptions due to negotiations, had a negative impact on the import of derivatives in Bosnia and Herzegovina. This does not necessarily have to be a signal of cuts in consumption, but also the fact that the enormous import of derivatives in February and March[23] did not immediately end up in consumption, but increased stocks[24] that were emptied more slowly during the second quarter due to high prices. Negative trends in the second quarter resulted in a decline in excise revenue on oil derivatives of -15.1%. The short recovery in excise collection in July was already greatly reduced by poorer collection in the following two months, and in the third quarter, a modest growth of 1.3% was achieved. The cumulative growth rate was in the positive zone only in the period February - April 2026, and since May it has been continuously in the negative growth zone with a nine-month decline of -1.8% (Chart 22, left, "cumulative, % growth").

[23] According to ITA data, import of diesel increased by 21% in February 2026, and by 19% in March compared to the same months in 2025. Similarly, gasoline imports were higher by 18% in February, and by 16% in March.
[24] According to ITA data, only in May 2026 was a drop in total imported diesel (January - May 2026) compared to the same period in 2025.

Chart 22. Trends in the collection of excise duties on oil derivatives



Source: Indirect Taxation Administration, calculation and presentation of the MAU

The US Energy Information Administration (EIA) published updated crude oil price projections in October 2026. Despite forecasts that oil production and flows from the Middle East will increase, they raised their forecast for global oil prices compared to their projections last month. In October, the EIA predicts that the price of Brent crude oil in the fourth quarter of 2026 will average 105 dollars per barrel. At the level of 2026, they expect an average price of 96 dollars per barrel, and for 2027, they expect the average to drop to 84 dollars per barrel.

Table 5. EIA: Crude oil price projections

	2024	2025	2026	2027
Brent crude oil (dollars per barrel)	81	69	96	84

Source: U.S. Energy Information Administration, Short-Term Energy Outlook, October 2026

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, as well as 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 -3.3%.

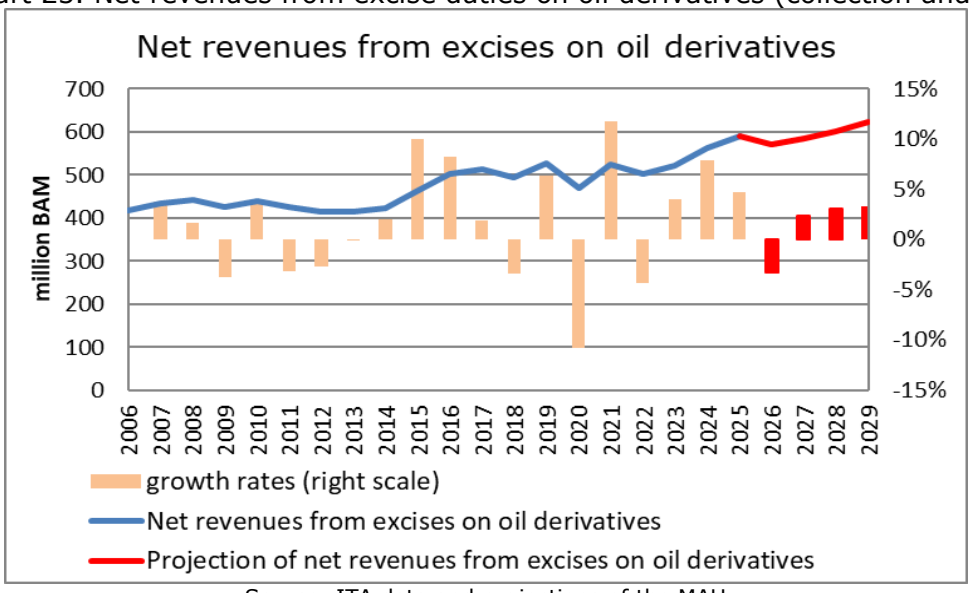
Projections of excise duties on oil derivatives for the period 2027-2029

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, [25] 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 revenue from excise duties on oil derivatives are planned, 2.4%, 3.1% and 3.3% respectively.

[25] The calculation of the elasticity of demand for oil derivatives in B&H is available in MAU Bulletin 237/238, www.oma.uino.gov.ba

Chart 23. Net revenues from excise duties on oil derivatives (collection and projections)



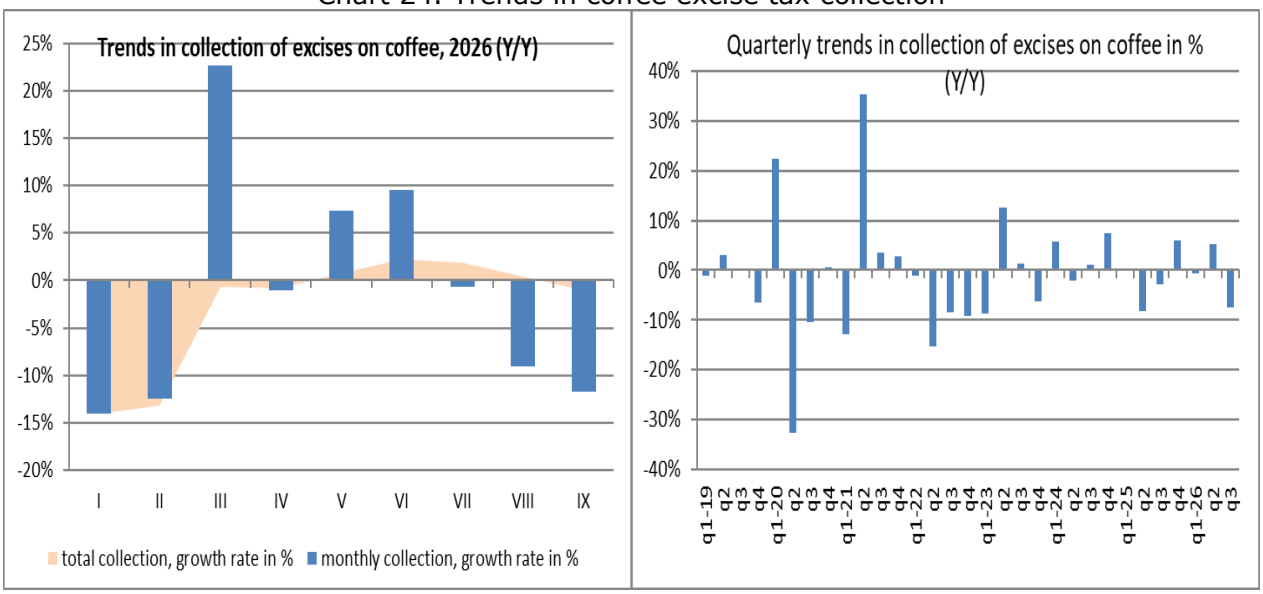
Source: ITA data and projections of the MAU

2.4. Projections of other revenues from excise taxes

Excise duties on coffee

During the first nine months of 2026, positive and negative trends alternated. In the first two months of 2026, a large decline in the collection of excise duties on coffee was recorded. On the other hand, in March, growth of as much as 22.7% was achieved, which represents the maximum in nine months. Positive growth was achieved in the middle of the year, while collection deteriorated significantly in August and September (Chart 24, left).

Chart 24. Trends in coffee excise tax collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

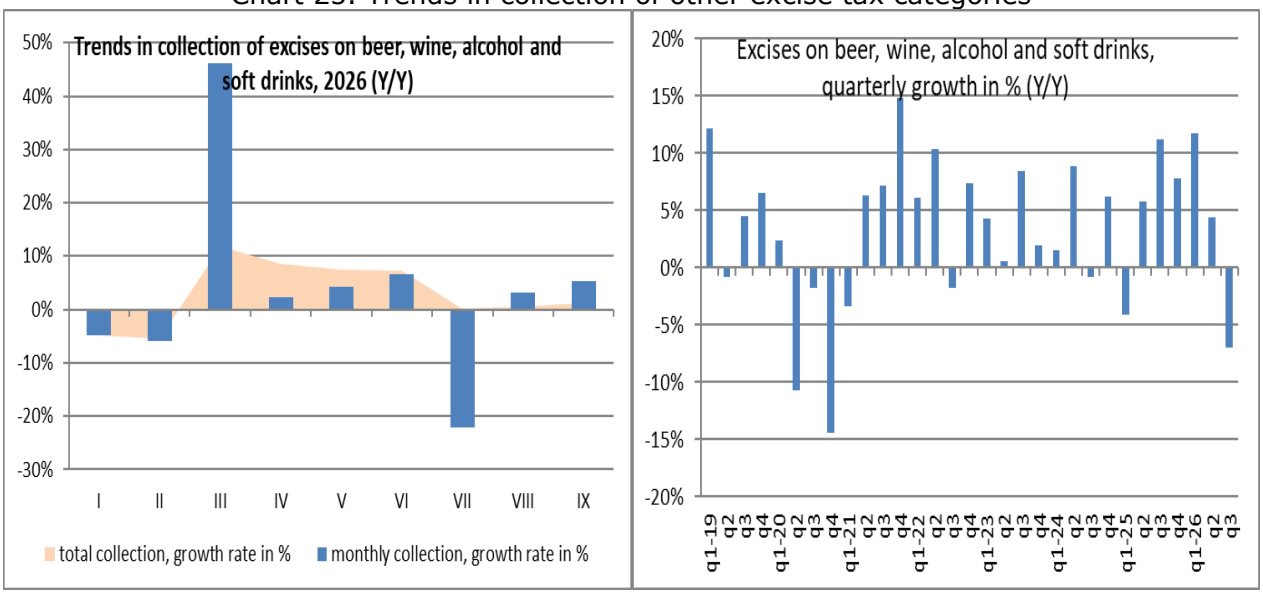
The cumulative growth rate left the negative zone in May, but it again came close to zero growth in August, and in nine months it moved into the negative zone with -1.1% growth. The high growth of collection in March could not compensate for the losses in the first two months, and in

the first quarter a decrease of -0.7% in revenues from excises on coffee was recorded. Positive developments in the second quarter resulted in a growth of 5.2%, while negative developments in the third quarter brought a drop of -7.4% (Chart 24, right).

Excise duties on beer, wine, alcohol and alcoholic beverages

At the beginning of the year, the collection of excise duties on the product group consisting of beer, wine, alcohol, alcoholic and non-alcoholic beverages was in a negative growth zone. In March, an extremely high collection was achieved, thanks to the collection of the domestic excise tax, which can be connected with the collection of old debt. In the following months, more modest positive growth rates were achieved, with the exception of a large drop in July, which was a consequence of the high base from July 2025, which included the payment of old debt (Chart 25, left). The cumulative growth rate was positive from March to June, and it was canceled out by a large drop in collection in July. Ultimately, a modest 1.1% cumulative growth in excise duty collection was recorded in the period of nine months.

Chart 25. Trends in collection of other excise tax categories

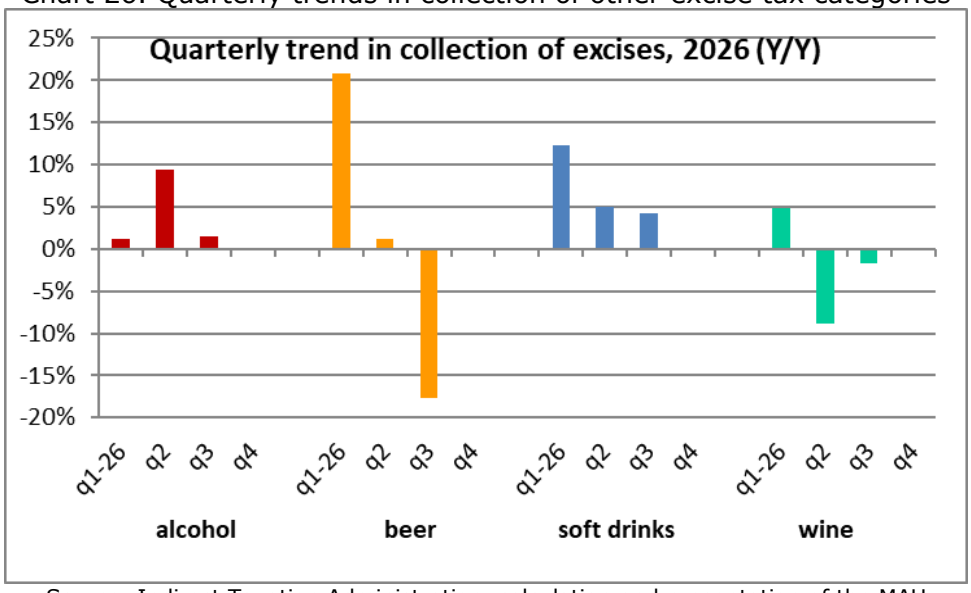


Source: Indirect Taxation Administration, calculation and presentation of the MAU

Thanks to the growth in March, a growth of 11.7% was achieved in the first quarter, and a more modest 4.4% in the second. Poor collection in the third quarter contributed to a negative growth rate of -7% (Chart 26, right).

The trends within the structure of collected excise duties by type of product are different depending on the type of product. Positive quarterly growth in all three quarters of 2026 was achieved in the collection of revenues from excise taxes on alcohol, alcoholic and non-alcoholic beverages. The negative trends in the third quarter, which were recorded in the collection of excise duty on beer, were the result of the base effect from 2025 (Chart 26).

Chart 26. Quarterly trends in collection of other excise tax categories



Source: Indirect Taxation Administration, calculation and presentation of the MAU

Revenues from other categories of excise taxes (alcohol and alcoholic beverages, beer, wine, non-alcoholic beverages and coffee) do not have a significant share in the 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 three quarters of 2026, and movements and projections of macroeconomic indicators.

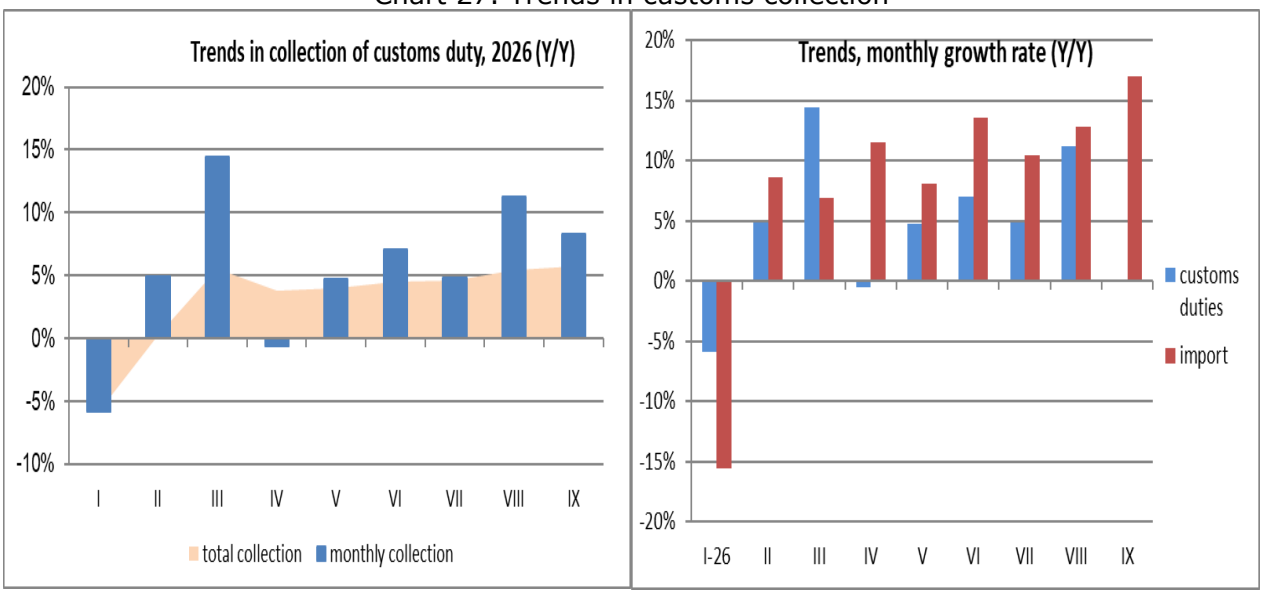
The projected growth rate of all other excise tax revenues for 2026 is -1.3%, due to the enormous increases in excise tax collection on domestic beers in two months of 2025, which can be explained by the collection of old debt. In 2027, 2028 and 2029, stable growth rates of the group of other excise tax categories are planned at the rates: 2.1%, 2.5% and 2.5%, respectively.

3. Projections of customs revenues

3.1. Projections of customs revenues for 2026

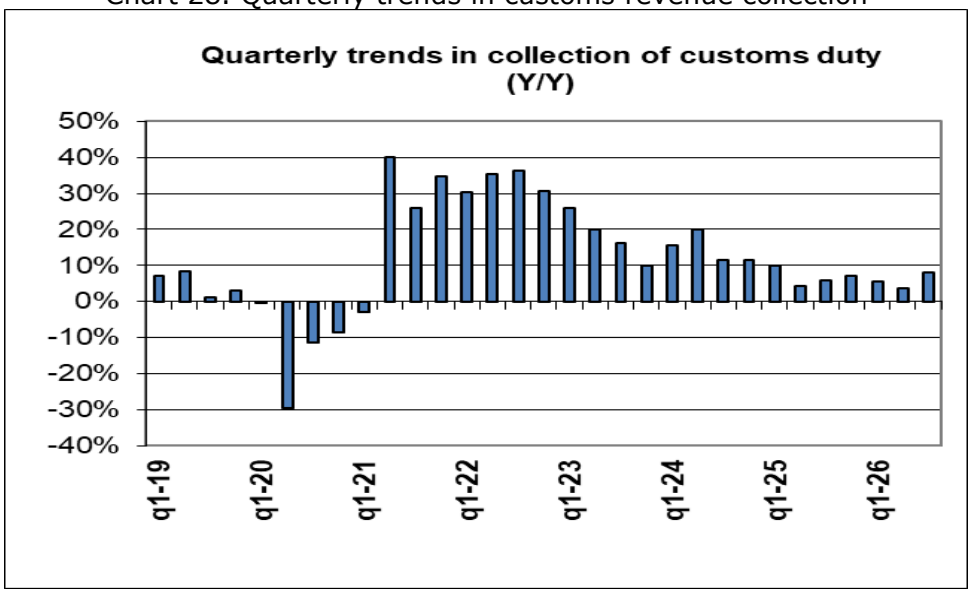
In January and February 2026, a decrease in customs revenue was recorded, for the first time after five years of positive monthly growth rates. In the other months, solid growth rates were achieved, the highest in March being 14.4% (Chart 27, left). At the level of nine months, a growth of 5.7% in customs revenues was achieved, compared to the same period in 2025. Customs revenues should largely follow the growth of imports. However, a comparative review of the trends in imports and the collection of customs revenues shows that there were large deviations, that the growth rates of customs revenues, except in March, were always lower than the growth rates of imports (Chart 27, right).

Chart 27. Trends in customs collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

Chart 28. Quarterly trends in customs revenue collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

The extreme case in April is also interesting, when there was a high growth in imports and at the same time a decrease in customs revenue. This may indicate a change in the structure of imports in favor of goods that are under the duty-free regime. This is also indicated by the case in January, when there was a greater drop in imports than the drop in customs revenue.

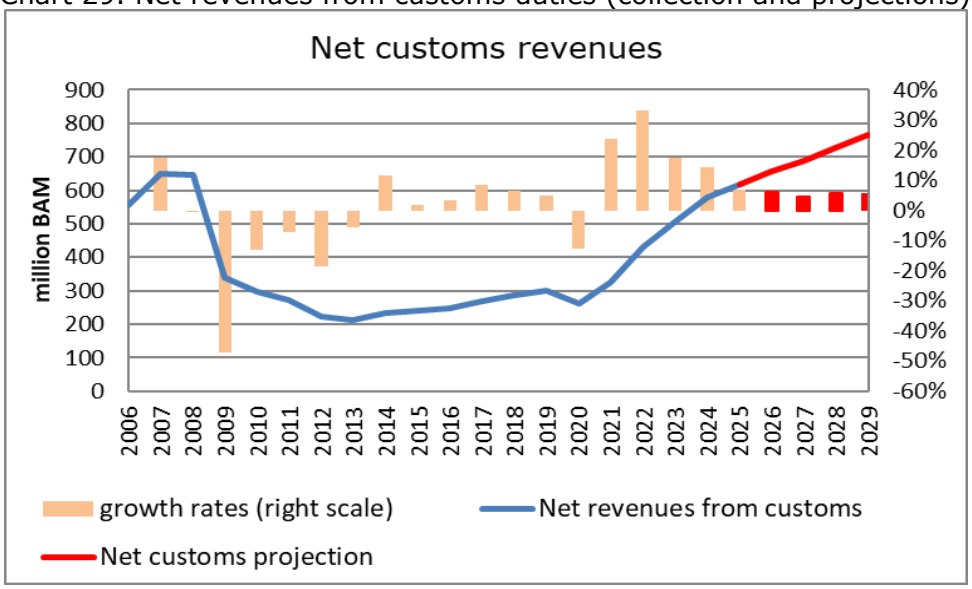
The analysis of quarterly growth rates shows that in the first quarter a 5.6% growth in customs revenue was achieved, and monthly fluctuations influenced a lower growth rate in the second quarter of 3.6% (Chart 28). Thanks to excellent collections in August and September, a growth rate of 8% was achieved in the third quarter.

According to ITA data, in the period January-September 2026, an import growth rate of 8.4% was achieved, compared to the same period of the previous year. According to DEP's projections, a slightly lower import growth rate of 7.3% will be achieved at the annual level. Taking into account the trends in customs revenue collection and import trends, **net customs collection is projected for 2026 in the amount of 657.3 million BAM, which is 6.1% more than the collection in the previous year.**

3.2. Projections of customs revenues 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. In 2020, with the coronavirus pandemic, net revenues from customs fell again to 262.2 million BAM, while in the period 2021-2025 they recorded a strong recovery. In 2025 they amounted to 619.4 million BAM. Projections of customs revenue (Box 4) are based on collection trends, and follow the projections of import trends. In 2027, a growth rate of 4.7% is planned for customs revenues, while for 2028 and 2029 a same growth rate of 5.6% is projected (Chart 29).

Chart 29. Net revenues from customs duties (collection and projections)



Source: ITA data and projections of the MAU

Box 4: Customs revenue projections

	2025	2026	2027	2028	2029
Projections, million BAM	619,4	657,3	688,2	726,8	767,5
Projections, growth rate		6,1%	4,7%	5,6%	5,6%
Projections, % of GDP	1,0%	1,0%	1,0%	1,0%	1,0%

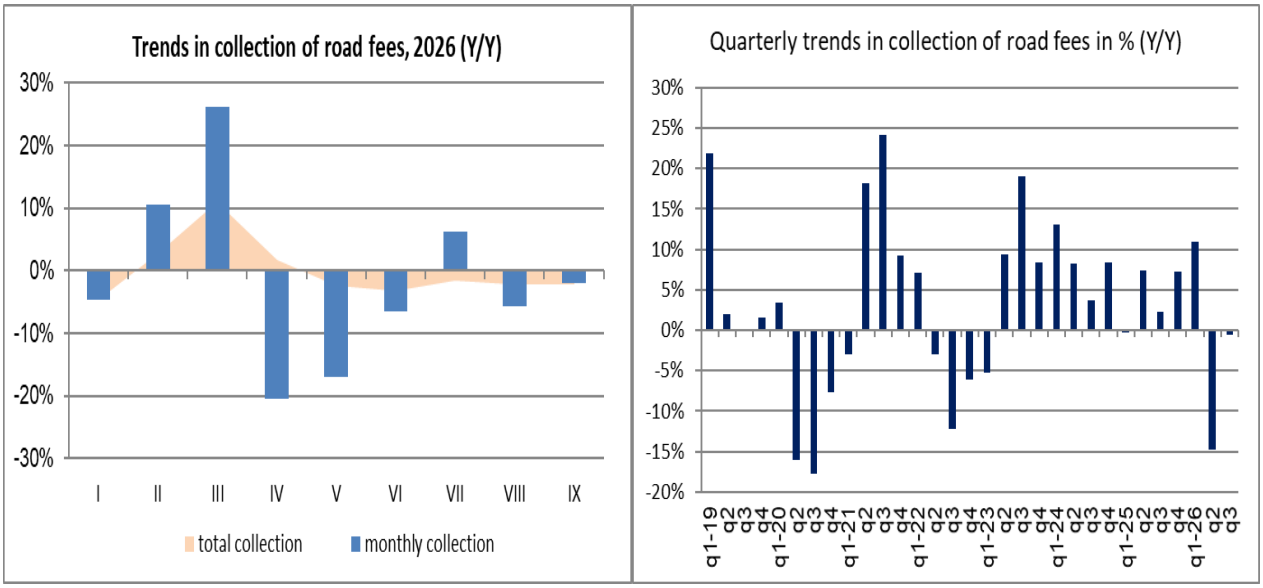
4. Road tax revenue projections

4.1. Projection of road tax revenues for 2026

Collection of excise duties on oil derivatives and road fees have similar trends, although there are differences in the tax base and rates. The year started with poor collection, but the growth of collection in February and, especially, in March of 26.1%, as a result of the outbreak of war in the Middle East, brought a high cumulative growth. The sharp rise in the prices of oil derivatives already in April brought a drop in imports, and thus in road fee revenue by -20.7%. Negative trends have continued in the following months, except for July. The cumulative growth rate has been in the negative zone since May, and in the period of nine months the drop in road fee revenues amounted to -2.2% (Chart 30, left).

In the first quarter of 2026, a 10.9% increase in road fee revenue was achieved, thanks to the enormous growth in collection in March. Poor road fee collection in the next three months resulted in a drop in collection in the second quarter of -14.7%. The mild recovery in July was insufficient for positive quarterly growth, and in the third quarter of 2026, a drop in road fee revenue of -0.5% was recorded (Chart 30, right).

Chart 30. Trends in road tax collection



Source: Indirect Taxation Administration, calculation and presentation of the MAU

The projected amount of net road fee collection in 2026 is 733.3 million BAM, which is 4% 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 rising prices, and a higher base in the previous year due to the re-application of exemptions from paying road fees to taxpayers who are enabled by the Law on Excises, starting from the second half of 2026. [26]

4.2. Projection of road tax revenues 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[27], road fee revenues have a

[26] More in Part I: "Basics and assumptions of the revised indirect tax revenue projections"
[27] 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.

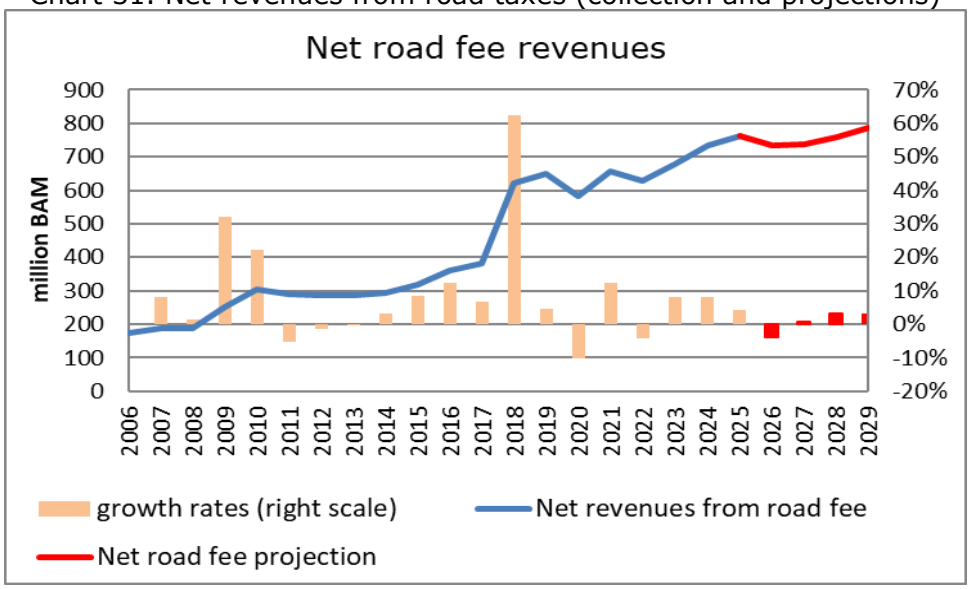
more significant share in indirect taxes. Observed in absolute terms, in the period 2009-2014, net road fee revenues were in the range between 250.2 and 307 million BAM. With the drop in oil prices on the world market and the prices of oil derivatives on the B&H market, in 2015, road fee revenues increased. 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,[28] and net 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.

The road fee revenue projections follow projections of relevant macroeconomic indicators. In 2027, 2028 and 2029, road fee revenue growth rates of 0.6%, 3.1% and 3.3% are planned, respectively. (Box 5 and Chart 31). The lower growth rate in 2027 is a consequence of the base effect, i.e. the application of exemptions from road fee payments for mines and thermal power plants throughout whole 2027, in contrast to the previous year, 2026, when the application began in the second half of the year.

Box 5: Road fee revenue projections

	2025	2026	2027	2028	2029
Projections, million BAM	763,9	733,3	737,5	760,4	785,5
Projections, growth rate		-4,0%	0,6%	3,1%	3,3%
Projections, % of GDP	1,3%	1,2%	1,1%	1,1%	1,1%

Chart 31. Net revenues from road taxes (collection and projections)



Source: ITA data and projections of the MAU

[28] 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 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.

1.1. 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. In its September 2026 macroeconomic projections document, the DEP states that external risks are much more pronounced and pose a greater risk to the realization of its economic growth projections than internal risks. They specifically point out that uncertainties in the external environment, rising inflation, and weakening the global economic growth would have negative effects on consumption, investment and foreign trade in B&H, and the realization of their projections.

1.2. 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.[29] 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[30] which determined that the exemption from paying road fee for mines, thermal power plants and railways does not constitute state aid. At the session held on June 22, 2026, the Governing Board of the ITA issued a Decision on the quantities of diesel fuel on which road fees are not payable for the year 2026.[31]

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 and the first half of 2026.**

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[32] 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

[29] Official Gazette of B&H No. 49/23 and Official Gazette of B&H No 63/23
[30] Official Gazette of B&H No. 23/26 as of March 27, 2026.
[31] Official Gazette of B&H No. 45/26 as of June 30, 2026.
[32] 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.

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 the first half of 2026. According to the mentioned data from 2022, and the assumption of maintaining the same volume of business activities of mines and thermal power plants in the period 2023-2025, and based on the information from the Decision on the quantities of diesel fuel on which road fees are not payable for the year 2026, it can be calculated that the maximum negative amount of road fee refund for the mentioned three years and the first half of 2026 would amount to 85 million BAM. 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 an 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.

1.3. 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.

In Part *2.3. Projections of excise duties on oil derivatives* it was concluded that the monthly import of oil derivatives in 2026 deviated from the law of demand, and that it was more determined by anticipatory strategies of distributors and their inventory management in conditions of price shocks on the crude oil market. If we look at the data from April to September 2026, during the period of price shocks on the crude oil market and the strong growth in the prices of oil derivatives on the B&H market, it can be concluded that monthly revenues from excise duties on oil derivatives ranged from 40.8 million BAM to 59 million BAM, with an average of 49.2 million BAM. With the corresponding amount of VAT, the average monthly effects of the abolition of excise duties on oil derivatives would amount to 57.5 million BAM. It should be noted that the effects would be different in different time periods of the eventual application of the abolition of excise duties, since the pronounced seasonal effects in the collection of excise duties on oil derivatives should be taken into account, as well as estimates of the movement of derivative prices and economic growth in the coming years.

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,[33] 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[34] 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. [35]

[33] The so-called sunset clause

[34] 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.

[35] 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,[36] 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,[37] 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.

1.4. Other risks from the area of indirect taxes

Among the risks that may threaten the realization of projections of indirect tax revenue collection 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.

[36]For example, at the end of March 2026, Italy abolished excise duties on oil derivatives for a period of only 20 days.
[37] 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 September 2026, it is stated that the Eurozone economy has proven to be more resistant to the effects of the conflict in the Middle East than previously expected. Their indicators point to stable growth in the short term, assuming a reduction in uncertainty, a strengthening of confidence and a weakening of the energy supply shock. In the basic projection scenario, an annual real GDP growth rate of 0.9% in 2026, 1.4% in 2027 and 1.5% in 2028 is predicted. In the baseline projections, it is predicted that inflation measured by the HICP will increase from 2.1% in 2025 to 3% in 2026, and that it will then decrease to 2.5% in 2027 and to 2.1% in 2028.

In addition to the baseline projections, ECB staff have developed alternative, hypothetical scenarios for their projections. These are a milder scenario, adverse scenario and severe scenario. These scenarios differ in terms of assumptions about the scale and duration of the conflict in the Middle East and the energy price shock.

Table 6. ECB: Growth and inflation projections for the Eurozone (annual rates of change)

		Baseline scenario	Milder scenario	Adverse scenario	Severe scenario
real GDP	2025.	1,3			
	2026.	0,9	0,9	0,9	0,8
	2027.	1,4	1,5	1,1	0,4
	2028.	1,5	1,6	1,4	1,4
HIPC	2025.	2,1			
	2026.	3	2,9	3,1	3,3
	2027.	2,5	1,9	3,2	5,4
	2028.	2,1	1,8	2,3	3,2
HICP excluding energy and food	2025.	2,4			
	2026.	2,5	2,5	2,5	2,5
	2027.	2,6	2,5	2,8	3,5
	2028.	2,3	2,2	2,4	3,2

Source: ECB; Macroeconomic projections, September 2026

ii. International Monetary Fund projections (IMF)

The latest IMF projections date from October 2026. The document states that activity in the first half of 2026 was better than expected despite the protracted war in the Middle East and continued trade tensions. The projection of global growth for 2026 is 3.1%, and for 2027 3.4%. Global inflation is predicted to be 4.7% in 2026 and 4.1% in 2027.

In addition to the projections for the world economy, Table 7 presents the IMF's projections for the Eurozone and Bosnia and Herzegovina.

Table 7. Real GDP growth projections, IMF, October 2026

		Projection	
	2025	2026	2027
World economy	3,5	3,1	3,4
Eurozone	1,2	1,1	1,2
Bosna & Hercegovina	2,4	2,3	2,6

Source: IMF, World Economic Outlook, October 2026.

For Bosnia and Herzegovina, the IMF predicts an economic growth rate of 2.3% in 2026 and 2.6% in 2027. According to the same document, inflation[38] in B&H will amount to 5% in 2026 and 3.3% in 2027. [39]

Archive of Bulletins:

http://www.oma.uino.gov.ba/04_objasnjenja.asp?l=e

[38] Consumer prices; In the note of the report, it is stated that the movements in consumer prices are shown as annual averages

[39] IMF, World Economic Outlook, October 2026; p. 39.

Trends in revenues from excise duty on coffee

(Author: Mirjana Popović, expert advisor - macroeconomist)

Introduction

Excise duties represent a significant source of indirect tax revenue in Bosnia and Herzegovina (hereinafter: BiH), with their primary fiscal function being to generate budget revenue. The Law on Excise Duties in BiH regulates the taxation of coffee[40], under which excise duty on coffee is payable upon importation, with the tax base determined per kilogram of net weight. The prescribed excise duty rates are BAM 1.50 per kilogram of unroasted coffee, BAM 3.00 per kilogram of roasted coffee, whether in beans or ground, and BAM 3.50 per kilogram of husks and skins of roasted coffee and other coffee products. Given this specific taxation mechanism, the amount of excise duty assessed depends on the taxable quantities and their composition by product category, while changes in market prices have no direct effect on the excise duty payable per unit of product.

Trends in revenues from excise duty on coffee are associated with import volumes, while changes in consumer prices, household purchasing power and consumption patterns may indirectly affect demand and the collection of these revenues. In addition to examining longer-term developments, it is important to analyse quarterly and monthly revenue collection patterns, as annual results may conceal short-term fluctuations and potential seasonal patterns. A comparative assessment of these indicators provides a more comprehensive understanding of trends in revenues from excise duty on coffee and the factors that may influence their collection.

This paper builds on analyses published in previous issues of the Bulletin of the Macroeconomic Analysis Unit (hereinafter: MAU)[41]. Its objective is to examine trends in the collection of revenues from excise duty on coffee in BiH, identify the main trends, year-on-year changes and potential seasonal fluctuations, and assess the relationship between revenue collection, coffee import volumes and the average consumer price of ground coffee.

Methodological framework

The analysis is based on data from the Indirect Taxation Authority of BiH on revenues collected from excise duty on coffee and quantities of imported coffee, supplemented by data from the Agency for Statistics of BiH on average consumer prices of ground coffee, expressed in BAM per kilogram. Data processing and calculation of indicators were carried out by the MAU.

The methodological approach comprises:

- *Annual analysis of revenues from excise duty on coffee: presentation of revenues collected during the period 2021–2025 and year-on-year growth rates for the period 2022–2025.*
- *Annual analysis of coffee imports: presentation of import volumes during the period 2021–2025 and their year-on-year changes, with a view to examining the relationship between import volumes and excise duty revenue collection.*
- *Quarterly analysis of revenues from excise duty on coffee: presentation of quarterly data from the first quarter of 2021 to the third quarter of 2026[42], calculation of year-on-year growth rates from the first quarter of 2022 to the third quarter of 2026, and examination of potential seasonal fluctuations.*

[40] *"Official Gazette of BiH"*, Nos. 49/09, 49/14, 60/14, 91/17, 50/22

[41] For further information on coffee taxation policy and the collection of revenues from excise duty on coffee, see: Popović, M. (2022), "Analysis of Revenues from Excise Duty on Coffee", MAU Bulletin, Nos. 207/208. For further analysis of revenue collection developments and current trends, see: Popović, M. (2023, 2024 and 2025), MAU Bulletin, Nos. 221/222, 233/234 and 245/246

[42] Data for September 2026 are preliminary

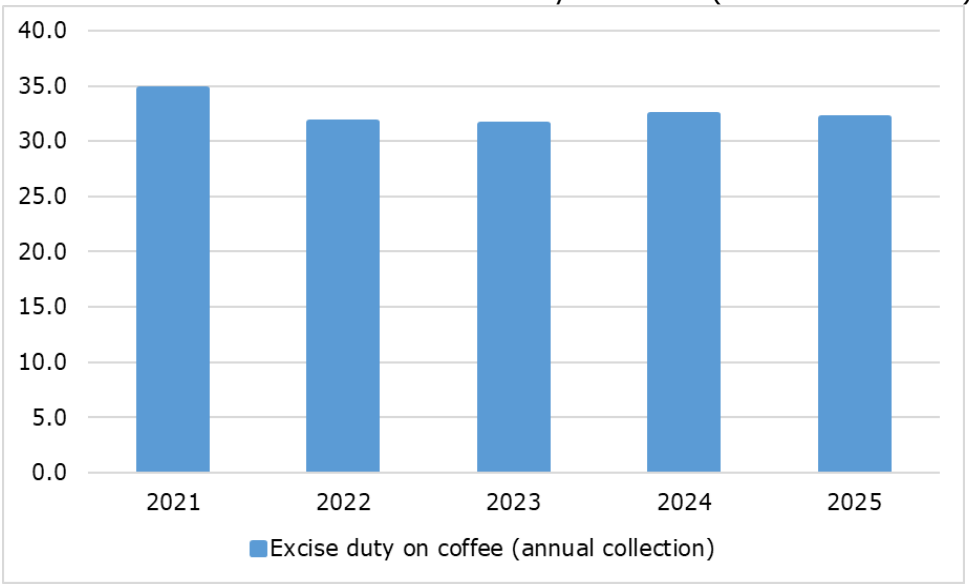
- *Monthly analysis of revenues from excise duty on coffee: presentation of monthly revenue collection trends from January 2021 to September 2026[43], including the calculation of year-on-year growth rates from January 2022 to September 2026.*
- *Analysis of the average consumer price of ground coffee: presentation of monthly price developments from January 2021 to September 2026[44].*
- *Comparative analysis of indicators: examination of similarities and differences in trends in excise duty revenues, coffee import volumes and the average consumer price of ground coffee, taking into account potential seasonal patterns and the limitations of interpreting the observed relationships.*

The analysis employs descriptive time series analysis and comparative analysis of indicators. Revenues are presented in nominal terms, in millions of BAM, without adjustment for inflation, import volumes are expressed in kilograms, and average consumer prices of ground coffee in BAM per kilogram. Year-on-year rates of change in revenues from excise duty on coffee and import volumes were calculated by comparing the figures with those for the corresponding period of the previous year. This comparison allows changes to be examined on a consistent time basis but does not constitute seasonal adjustment of the data. Average consumer prices of ground coffee are presented as originally published by the Agency for Statistics of BiH, without calculating price indices or rates of price change. The comparative analysis is descriptive in nature and does not allow causal relationships to be established. Total import volumes are not automatically equated with the quantities on which excise duty was assessed and collected during the same period. When interpreting discrepancies, possible differences in the coverage of import and revenue records should be taken into account. Data on the average consumer price relate exclusively to ground coffee, whereas revenues from excise duty cover several categories of coffee. Given the differences in the coverage of these indicators, their comparison is intended solely to provide an indication of possible relationships.

1. Annual trends in revenues from excise duty on coffee and coffee imports

Revenues from excise duty on coffee in BiH accounted for a relatively small share of total excise duty revenues during the period 2021–2025, with their share declining continuously from 2.3% in 2021 to 1.7% in 2025.

Chart 1. Annual revenues from excise duty on coffee (in millions of BAM)



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

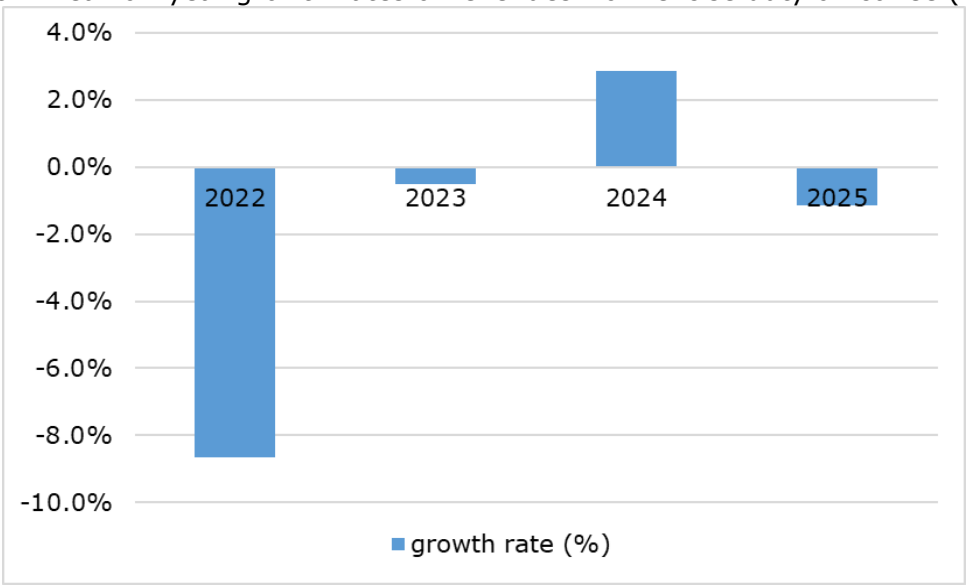
[43] Data for September 2026 are preliminary
[44] Latest available data from the Agency for Statistics of BiH

These revenues were characterised by a more pronounced decline in 2022, followed by a period of relative stabilisation, with moderate year-on-year changes. Annual trends in revenues collected from excise duty on coffee are presented in Chart 1.

The highest level of revenue collection during the period under review was recorded in 2021, when revenues from excise duty on coffee amounted to 34.7 million of BAM. Following a more pronounced decline in 2022, revenues remained within a relatively narrow range of approximately 31.5 million of BAM to 32.5 million of BAM over the subsequent three years. A moderate recovery in revenue collection was recorded in 2024, followed by a slight decline in 2025. Despite occasional positive developments, revenue collection did not return to its 2021 level during the period under review.

A more detailed assessment of the magnitude of annual changes is provided by the year-on-year growth rates of revenues from excise duty on coffee, presented in Chart 2.

Chart 2. Year-on-year growth rates of revenues from excise duty on coffee (in %)

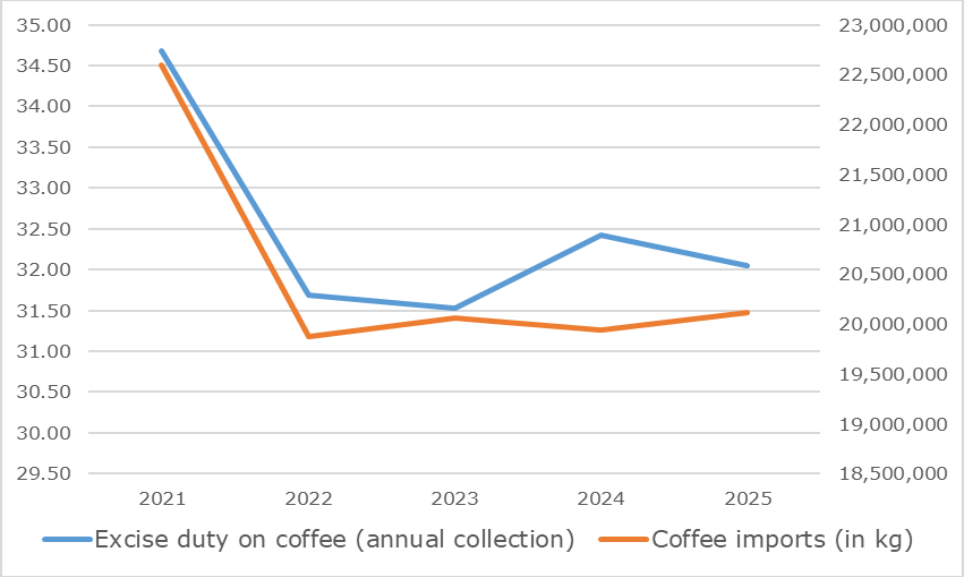


Source: Data from the Indirect Taxation Authority of BiH, MAU overview

The most pronounced decline in revenues was recorded in 2022, when revenue collection decreased by 8.7% compared to the previous year. The decline continued in 2023, but at a considerably slower pace, with a decrease of 0.5%. In 2024, revenue collection increased by 2.9%, partially offsetting the declines recorded in the preceding two years. A renewed decline in revenues of 1.2% in 2025 indicates that the recovery was not sustained.

To provide a more comprehensive overview of annual revenue collection trends, Chart 3 presents a comparison of revenues from excise duty on coffee, expressed in millions of BAM (left vertical axis), and total coffee import volumes, expressed in kilograms (right vertical axis), over the period 2021–2025.

Chart 3. Annual trends in revenues from excise duty on coffee (in millions of BAM) and coffee imports (in kg)

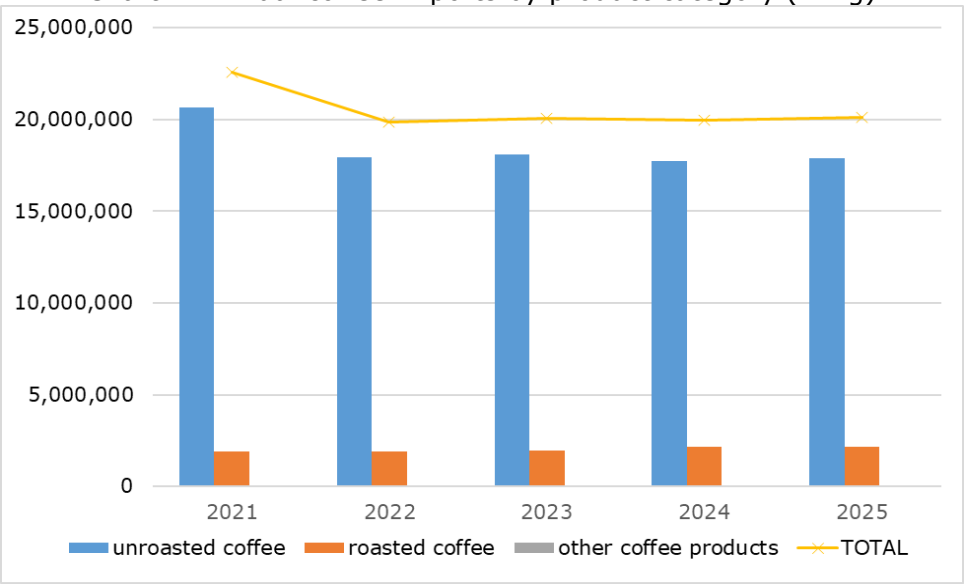


Source: Data from the Indirect Taxation Authority of BiH, MAU overview

The comparative analysis shows that both revenues from excise duty on coffee and total import volumes declined in 2022, followed by considerably smaller changes in both indicators. In 2023, revenue collection decreased slightly, while import volumes increased marginally. A more pronounced divergence was observed in 2024, when revenues increased despite a decline in total import volumes. The opposite pattern was recorded in 2025, with import volumes increasing while revenue collection declined.

The differing trends in revenues and total import volumes indicate that changes in overall import volumes alone are insufficient to explain revenue collection trends. Given that different excise duty rates apply to individual categories of coffee, it is also necessary to examine the composition of imports. An analysis of import composition may help explain the observed discrepancies, but does not, in itself, allow their underlying causes to be reliably established.

Chart 4. Annual coffee imports by product category (in kg)



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

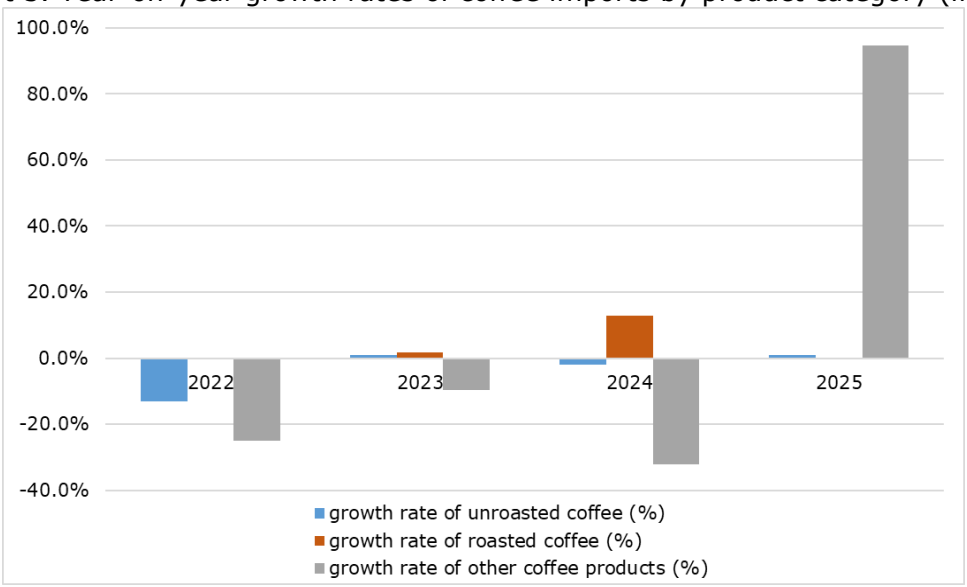
Annual trends in import volumes of unroasted coffee, roasted coffee and other coffee products over the period 2021–2025 are presented in Chart 4.

Unroasted coffee dominated total coffee imports throughout the period under review, although its share declined from 91.4% in 2021 to 89.0% in 2025. At the same time, the share of roasted coffee increased from 8.5% to 10.9%, while other coffee products accounted for a very small share of approximately 0.1%. Given the dominant share of unroasted coffee, changes in its import volumes were the main determinant of overall import trends. The most pronounced decline in total coffee imports was recorded in 2022, when import volumes decreased by 12.0%, primarily due to a reduction in imports of unroasted coffee.

During the period 2023–2025, total coffee import volumes showed relatively small changes, with varying trends across individual product categories. An increase in import volumes was observed for roasted coffee, particularly in 2024. Given that different excise duty rates per kilogram apply to individual categories of coffee, changes in the composition of taxable quantities may affect the relationship between changes in their total volume and the amount of excise duty assessed.

To provide a more detailed assessment of the magnitude of changes in imports by product category, Chart 5 presents year-on-year growth rates for the period 2022–2025.

Chart 5. Year-on-year growth rates of coffee imports by product category (in %)



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

An analysis of year-on-year growth rates of coffee imports by product category reveals differing trends across individual categories during the period under review. In 2022, imports declined across all coffee categories, with imports of unroasted coffee decreasing by 13.1%, roasted coffee by 0.3%, and other coffee products by 24.9%. Given the dominant share of unroasted coffee in total imports, the decline in its import volumes was the main contributor to the overall reduction in coffee imports that year. In 2023, imports of unroasted and roasted coffee increased slightly, while imports of other coffee products decreased by 9.7%.

In 2024, divergent trends were recorded across individual product categories. Imports of unroasted coffee decreased by 2.0%, while imports of roasted coffee increased by 12.7%. At the same time, imports of other coffee products recorded a substantial decline of 32.1%. These developments indicate certain changes in the composition of coffee imports, particularly an increase in the share of roasted coffee, which is subject to a higher excise duty rate than unroasted coffee.

In 2025, a particularly notable development was the 94.8% increase in imports of other coffee products, from approximately 10.7 thousand kg to 20.9 thousand kg. However, given the very small share of this category in total imports, this increase did not have a significant impact on overall import volumes. Meanwhile, imports of unroasted coffee increased by 0.9%, while imports of roasted coffee remained virtually unchanged (+0.1%). Total coffee imports increased by 0.9% in 2025 compared to the previous year.

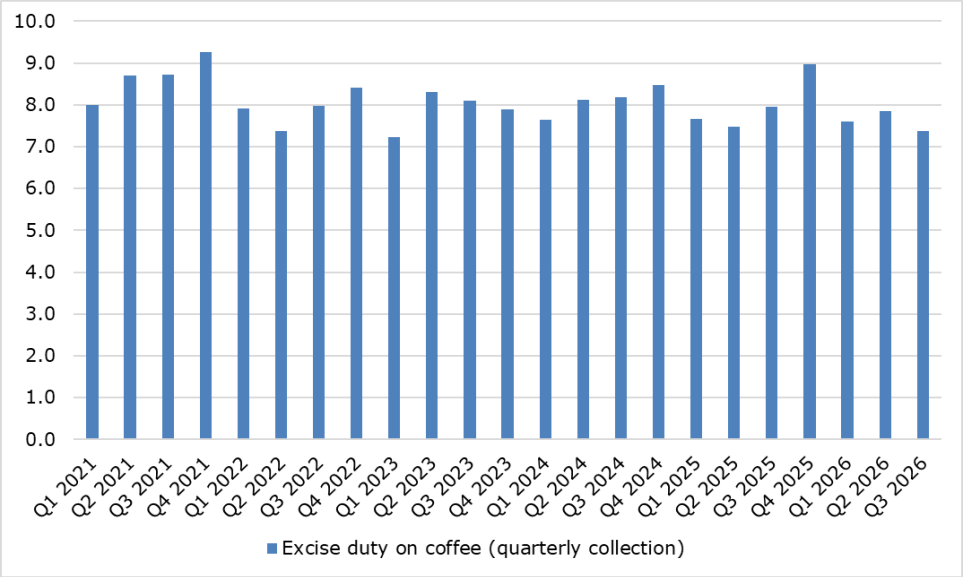
Overall, annual coffee import trends were characterised by a pronounced decline in 2022, followed by a period of relative stabilisation in total import volumes. At the same time, changes in the composition of imports highlight the importance of monitoring individual coffee categories separately, particularly when interpreting discrepancies between trends in import volumes and excise duty revenue collection in 2024 and 2025.

2. Quarterly trends in revenues from excise duty on coffee

The analysis of quarterly data provides a more detailed overview of revenue collection from excise duty on coffee, revealing short-term fluctuations and differences in revenue trends within individual years.

Chart 6 presents quarterly revenues from excise duty on coffee from the first quarter (Q1) of 2021 to the third quarter (Q3) of 2026, expressed in millions of BAM.

Chart 6. Quarterly revenues from excise duty on coffee (in millions of BAM)

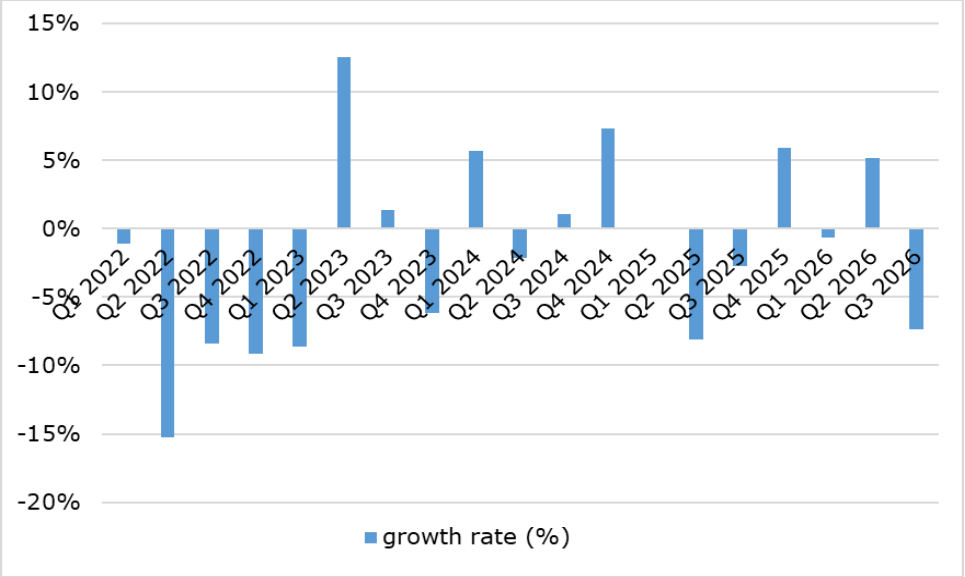


Source: Data from the Indirect Taxation Authority of BiH, MAU overview

Quarterly revenues from excise duty on coffee fluctuated during the period under review, with no clear sustained upward or downward trend. The highest level of revenue collection was recorded in the fourth quarter of 2021, while the lowest was recorded in the first quarter of 2023. Following a more pronounced decline in revenues during 2022, quarterly revenue collection generally remained within a relatively narrow range in subsequent years, with occasional fluctuations. In 2025, the fourth quarter was particularly notable, recording the highest quarterly revenue collection since 2022. During the first three quarters of 2026, revenues remained within the range of values recorded in previous years, with revenue collection in the third quarter slightly lower than in the second quarter.

To provide a more comprehensive assessment of the magnitude and direction of changes in revenue collection, Chart 7 presents quarterly year-on-year growth rates of revenues from excise duty on coffee from the first quarter (Q1) of 2022 to the third quarter (Q3) of 2026.

Chart 7. Quarterly year-on-year growth rates of revenues from excise duty on coffee (in %)



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

Quarterly year-on-year growth rates of revenues from excise duty on coffee were characterised by pronounced fluctuations, with alternating periods of growth and decline in revenue collection. The largest year-on-year decline was recorded in the second quarter of 2022 (-15.3%), while the highest growth rate (12.6%) was recorded in the same quarter of the following year, partly due to a low base of comparison. Following negative year-on-year growth rates in all four quarters of 2022, quarterly year-on-year trends changed direction more frequently in the subsequent period, without establishing a stable positive trend in revenue collection. These developments indicate that individual quarters contributed unevenly to overall annual results.

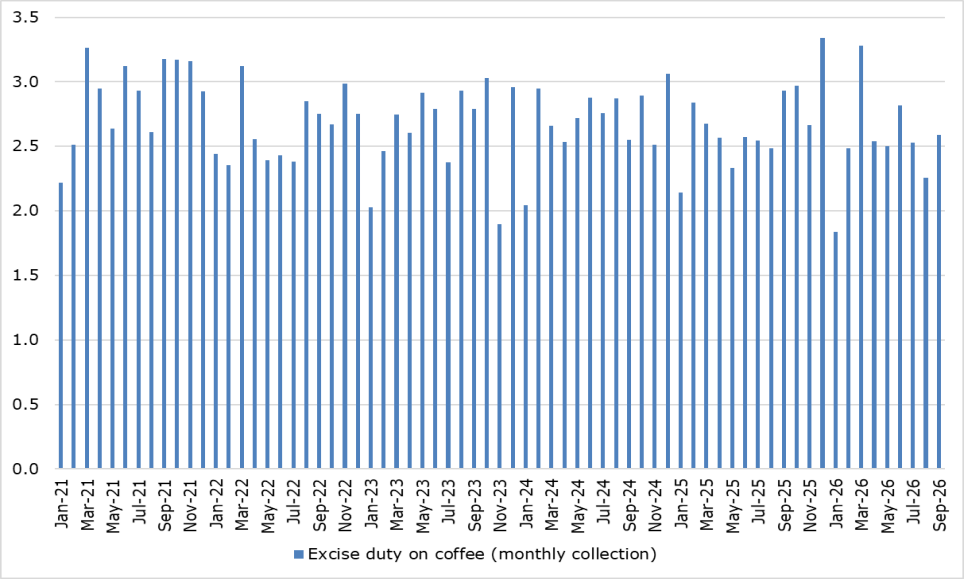
Fluctuations continued during the first three quarters of 2026, with a slight year-on-year decline in revenue collection in the first quarter (-0.7%), an increase in the second quarter (5.2%) and a more pronounced decline in the third quarter (-7.4%). The decline recorded in the third quarter represented the largest year-on-year decrease in revenue collection since the second quarter of 2025.

3. Monthly trends in revenues from excise duty on coffee

The analysis of monthly data provides a more detailed insight into short-term fluctuations in revenues from excise duty on coffee and helps identify notable deviations that are less apparent in annual and quarterly data.

Chart 8 presents monthly revenues from excise duty on coffee from January 2021 to September 2026, expressed in millions of BAM.

Chart 8. Monthly revenues from excise duty on coffee (in millions of BAM)



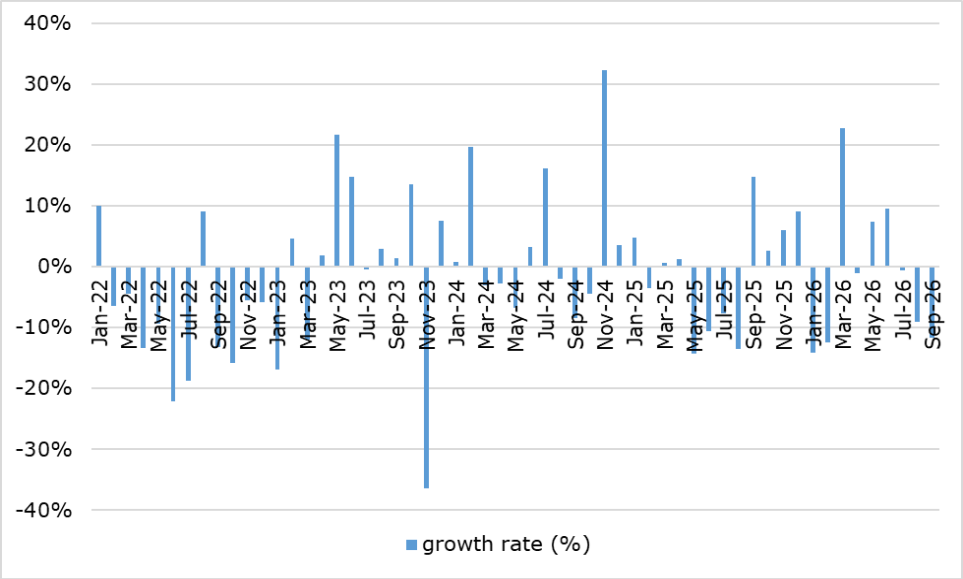
Source: Data from the Indirect Taxation Authority of BiH, MAU overview

Monthly revenues from excise duty on coffee fluctuated during the period under review, with no clearly identifiable seasonal pattern or sustained upward or downward trend. Revenue collection does not necessarily follow final consumption trends directly, as it is primarily linked to the quantity and composition of coffee on which excise duty has been assessed. The timing of imports and changes in inventories may also affect monthly revenue collection, contributing to differences between individual months.

The end of 2025 was particularly notable, with December recording the highest monthly revenue collection during the period under review (3.34 million of BAM). This was followed by a sharp decline to 1.84 million of BAM in January 2026, representing the lowest monthly revenue collection during the period. By March 2026, revenue collection had reached 3.28 million of BAM, approaching the record level recorded in December of the previous year. Such pronounced changes over a short period may indicate uneven import patterns and shifts in the timing of purchases between months. However, their direct causes cannot be reliably established solely on the basis of excise duty revenue collection data.

To provide a more comprehensive assessment of monthly revenue collection trends, Chart 9 presents year-on-year growth rates of revenues from excise duty on coffee from January 2022 to September 2026, calculated in comparison with the corresponding month of the previous year.

Chart 9. Monthly year-on-year growth rates of revenues from excise duty on coffee (in %)



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

Monthly year-on-year growth rates of revenues from excise duty on coffee were characterised by pronounced fluctuations, with frequent changes in both direction and magnitude. Following predominantly negative growth rates in 2022, positive and negative rates alternated in subsequent years, without establishing a stable growth trend. The largest monthly year-on-year decline was recorded in November 2023 (-36.4%), while the highest growth rate was recorded in the same month of 2024 (32.3%), partly due to the low base of comparison in the previous year. Fluctuations continued throughout 2025, with more pronounced negative growth rates in the middle of the year and positive year-on-year growth in revenue collection during the final four months. During the first nine months of 2026, positive and negative growth rates alternated, with a notable increase of 22.7% in March, while negative growth rates were recorded in the last three months under review. Pronounced monthly fluctuations, together with the base effect, highlight the need for caution when interpreting individual growth rates, as they may not reflect longer-term trends in revenues from excise duty on coffee.

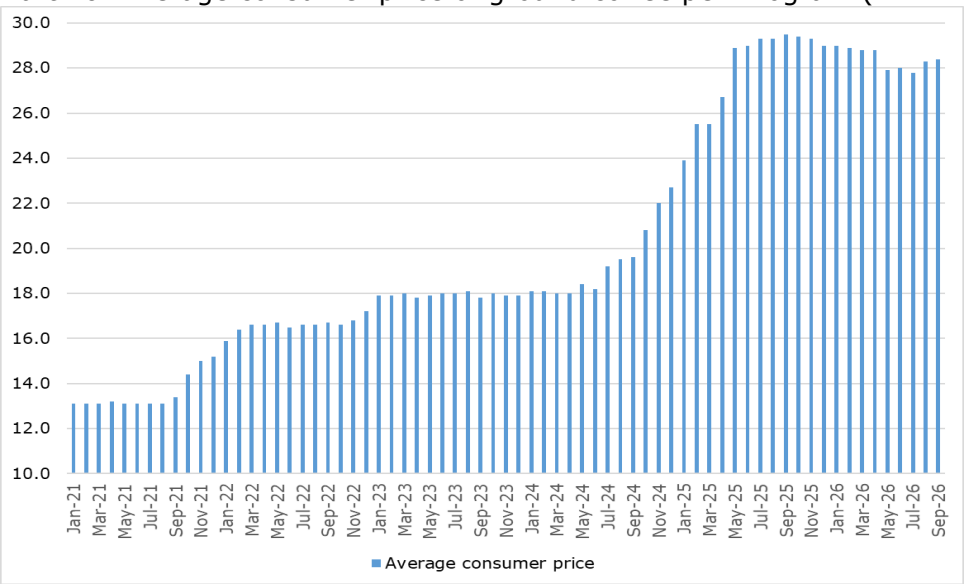
4. Trends in the average consumer price of ground coffee

Although the average consumer price of ground coffee does not directly affect the amount of excise duty per unit of product, its movements provide an additional indicator of market conditions. This indicator is included in the analysis to provide a more comprehensive assessment of price developments in the domestic market and the potential indirect effects of price changes on consumption, imports and excise duty revenue collection. It should be noted that the available data relate exclusively to ground coffee, rather than all categories of coffee subject to excise duty.

Chart 10 presents monthly trends in the average consumer price of ground coffee per kilogram, expressed in BAM, from January 2021 to September 2026[45].

[45] Latest available data from the Agency for Statistics of BiH

Chart 10. Average consumer price of ground coffee per kilogram (in BAM)



Source: Data from the Agency for Statistics of BiH[46], MAU overview

Trends in the average consumer price of ground coffee during the period under review were characterised by two distinct periods of price increases. The first began in the second half of 2021 and continued until the end of 2022, followed by a period of relative stabilisation throughout 2023 and the first half of 2024. From the second half of 2024, prices began to rise again at a considerably faster pace, with this increase continuing throughout the first half of 2025. After reaching their highest levels in 2025, the average consumer price of ground coffee declined slightly in 2026 but remained considerably higher than in previous years.

In the context of excise duty revenue collection, the substantial increase in the average consumer price of ground coffee was not accompanied by a proportional increase in excise duty revenues. This development highlights the importance of distinguishing between the market value of a product and the method of calculating excise duty, the amount of which depends on taxable quantities and their composition by coffee category. At the same time, the available data do not allow the potential indirect effects of changes in consumer prices on excise duty revenue collection to be reliably determined.

Conclusion

The analysis of trends in revenues from excise duty on coffee in Bosnia and Herzegovina during the period 2021–2025, together with an examination of quarterly and monthly revenue collection trends up to September 2026, indicates a relative stabilisation of these revenues following a more pronounced decline in 2022, but without the establishment of sustained growth. At the same time, their declining share in total excise duty revenues indicates a weakening of the relative fiscal significance of this revenue category. However, changes in this share should be considered in the context of overall excise duty revenue trends, as a decline in the relative share does not necessarily imply a corresponding decrease in the absolute amount of revenue collected.

The comparative analysis of excise duty revenues and total coffee import volumes shows that their trends did not coincide in all years under review. Particularly notable discrepancies were recorded in 2024 and 2025, when the two indicators moved in opposite directions. These findings indicate that total import volumes, although an important indicator for assessing revenue collection, are

[46] Monthly release: Average Consumer Prices in BiH

insufficient to fully explain its dynamics. Given that different excise duty rates per kilogram apply to individual coffee categories, changes in the composition of taxable quantities may affect the total amount of excise duty assessed. In this context, the increasing share of roasted coffee in total imports represents a relevant development, although its impact on revenue collection cannot be directly quantified on the basis of the available data.

The quarterly and monthly analyses show that relatively moderate changes at the annual level may be accompanied by pronounced short-term fluctuations. The alternation of positive and negative year-on-year growth rates, together with the base effect, highlights the need for caution when interpreting individual monthly and quarterly results. Although more pronounced increases or decreases in revenue collection were recorded in certain periods, the data analysed do not indicate a clearly identifiable and persistent seasonal pattern. Therefore, individual short-term deviations do not provide a sufficient basis for assessing longer-term trends in revenues from excise duty on coffee.

The analysis of the average consumer price of ground coffee further highlights the difference between price developments in the domestic market and trends in excise duty revenues. Despite the substantial increase in consumer prices during the period under review, no corresponding increase in excise duty revenue collection was recorded. This development is consistent with the method of taxing coffee, under which excise duty is levied at a fixed amount per kilogram rather than on the market value of the product. Accordingly, an increase in consumer prices does not, in itself, provide a basis for growth in excise duty revenues. Potential indirect effects of price changes on consumption and imports may affect revenue collection, but their magnitude and direction cannot be reliably determined on the basis of the indicators examined.

From a fiscal analysis perspective, the findings highlight the importance of considering annual revenue collection results, short-term changes and the composition of coffee imports together. It is particularly important to distinguish changes arising from movements in taxable quantities from changes in market prices, which have no direct effect on the amount of excise duty per unit of product. When assessing current trends and preparing revenue forecasts, account should also be taken of possible timing differences between imports and revenue collection, as well as the effect of product composition on total excise duty liabilities. This approach allows a more realistic interpretation of the results and reduces the risk of misinterpreting short-term fluctuations or changes in consumer prices as indicators of more persistent changes in fiscal revenues.

Overall, revenues from excise duty on coffee during the period under review were characterised by relative stability in annual revenue collection following the initial decline, pronounced short-term fluctuations and the absence of a direct relationship with rising consumer prices. The main conclusion of the analysis is that trends in these revenues should be interpreted primarily in the context of the quantity-based excise duty system, taking into account the composition of imports and the timing of revenue collection. Such an approach provides an appropriate basis for monitoring fiscal developments and forecasting future revenues from excise duty on coffee.