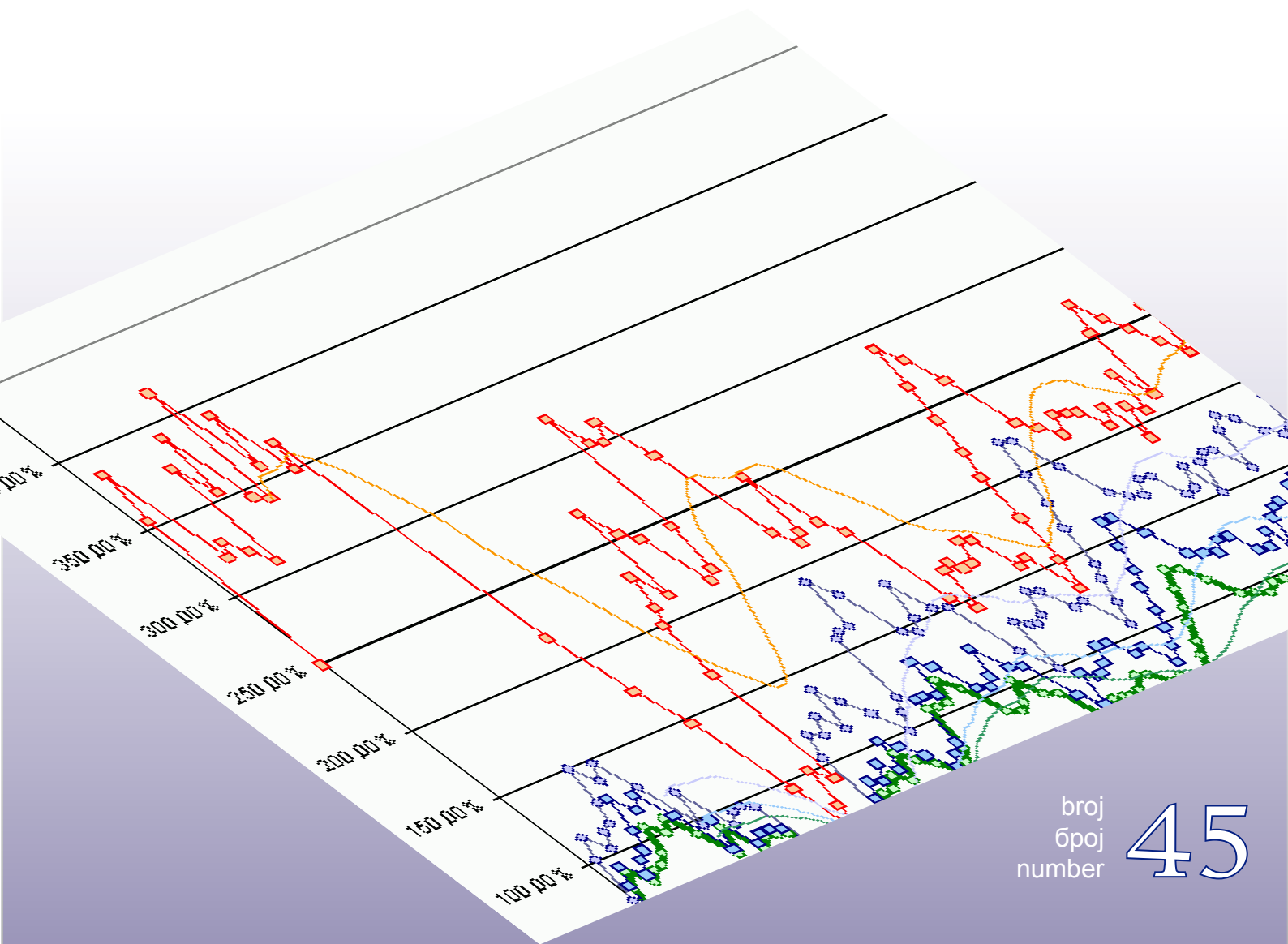




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue

Implementation of Value Added Tax (VAT) was in focus of the public in the last few years. After enormous surpluses of public revenues following the introduction of VAT, the end of 2007 and beginning of 2008 brought stabilization of VAT revenues, which was expected taking into consideration experiences of other countries at the time of shift to VAT system. Signing of the Agreement on Stabilization and Accession, put focus of the public on revenues from indirect taxes due to agreed dynamics for elimination of customs and other non-fiscal duties on imports of goods from EU. Global economic crises, which spread on BiH, has negative impact on consumption, investments and overall economic activity. All this has negative impact on the collection of public revenues from indirect taxes. Due to this, it is necessary to correct adopted budgets for governments in BiH as soon as possible.

After a number of articles on policy of tobacco products taxation in EU, this issue provides analysis of effects of new Law on excise in BiH in terms of cigarettes taxation. The Law represents first important step towards harmonization of structure and excise rates on cigarettes with EU. Dynamics for harmonization of excise rates with EU minimal standards, envisaged by the Law along with flexible harmonization procedures are the guarantee that BiH will achieve EU minimal standards by 2015. At the same time, introduction of European standards will contribute to propulsion of the market and strengthening of competitiveness in this sector. Although significant fiscal effects are expected, which can compensate loss of customs revenues, depression in consumption, caused by decrease of income and growth of unemployment may reduce final effects of increase in excise rates. In addition, every increase of excise rates may lead to strengthening of black market and smuggling, and to loss of revenues from customs and VAT. In order to prevent tax frauds, it is necessary to have additional mobilization of resources and strengthen surveillance activities of ITA and other institutions in BiH.

Except for oil products and cigarettes, excise is collected on alcohol, alcohol and soft drinks, wine and beer. Taxation of these products with excise must be harmonized with EU minimal standards. From this issue, we are starting with series of analysis of revenue collection on this group of products and presentation of taxation policy in BiH and EU.

Dinka Antić, Phd
Head of Unit

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Collection of indirect taxes I-II 2009

(Author: Dinka Antić, Phd)

In last issue of the Bulletin, we mentioned that the analysis of collection of indirect taxes in the first two months can not be done in standard way by comparison of monthly collection with collection in the same month last year. Month/month comparisons can not provide reliable assessment due to problems with payment of refunds in fourth quarter of 2007. Problems with lack of reserves for payment of refunds culminated by blockage of refunds in January 2008. After new decision of the ITA Governing Board on amount of reserves in single account, lagging refunds were paid in February 2008.

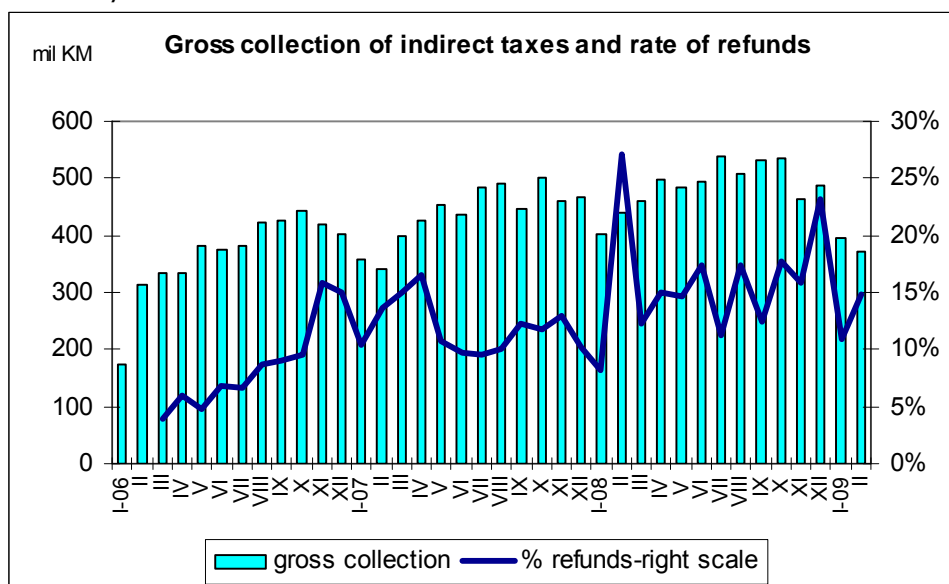


Chart 1

Due to postponement of refunds in 2007 and their payment in beginning of 2008, monthly reports from single account in this period are not reliable base for monthly comparisons. Comparison of collection of indirect taxes month/month are provided in the chart 2.

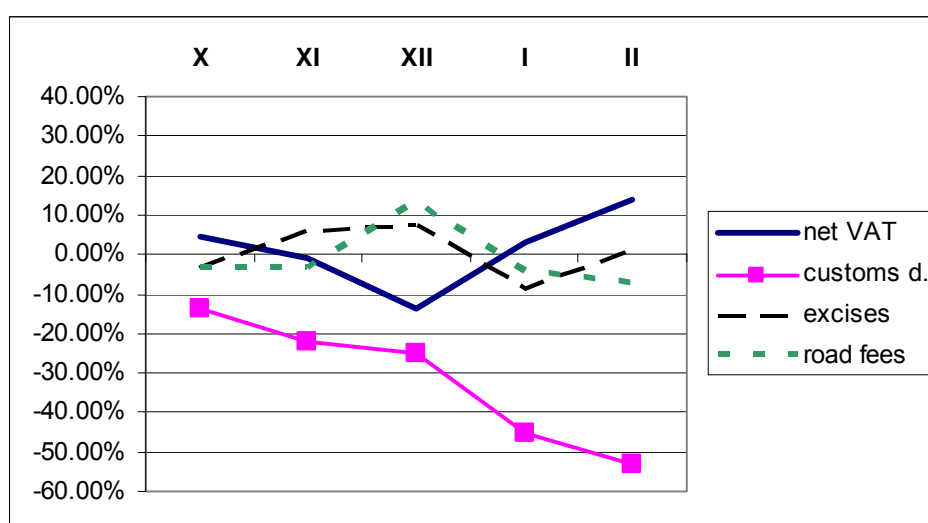


Chart 2

According to estimates, third of refunds was for requests filed in fourth quarter of 2007. In order to balance oscillations, it is necessary to observe the period of five months in the analysis (October-February) on cumulative basis. In addition to methodological problems for comparison of five month period is useful to see negative effects of financial crisis on collection of revenues, as the first negative effects were recorded in fourth quarter of 2008¹. Although ITA had increase of revenues from indirect taxes in 2008 of 6,13% compared to 2007, fourth quarter showed first decrease in the collection of 4,5% or 57 million KM less than in fourth quarter of 2007. There was decrease in collection of VAT and customs duties, while the collection of excise revenues showed slight increase. Analysis of trend in cumulative collection in the last five months (X-08 – II-09) and comparison with the same period in previous years i.e.. X-07 – II-08, we can see further worsening in collection, which started with negative trend in fourth quarter of 2008, and it continues in 2009. Cumulative observation for five months shows that the collection reduced by **4,12% or 80 million KM of revenues**. Decrease of customs by 20% in fourth quarter increased to 30%. Negative trend was recorded for road fee and there was obvious improvement of trends in comparison with fourth quarter recorded in beginning of 2009 in collection of VAT (Chart 4).

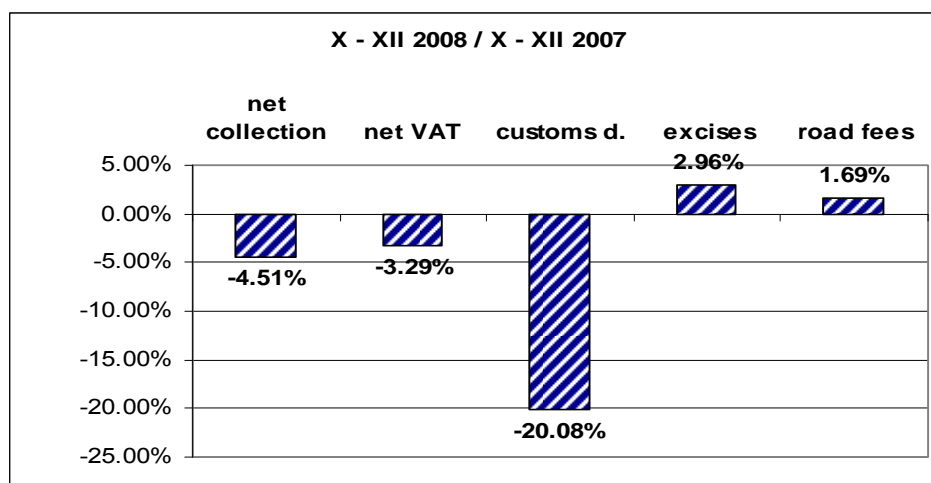


Chart 3

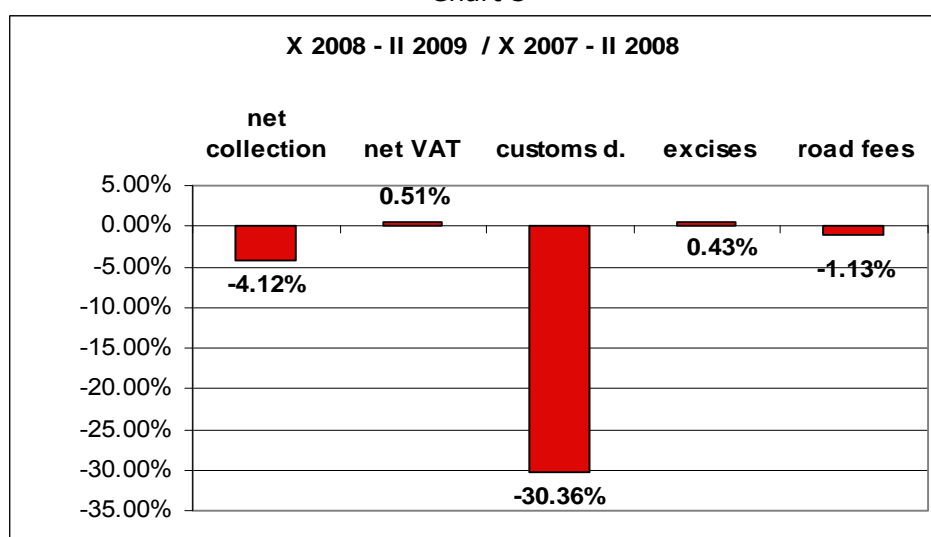


Chart 4

¹ More details on this in the Bulletin 43 .

Effects of new excise rates on cigarettes in BiH

(Author: Dinka Antić, Phd)

1. INTRODUCTION

Draft Law on excise, which was recently adopted by the ITA Governing Board, agitated business community sectors affected by this law. Focus is on requests for protection of domestic producers, justifying them by the practice introduced by our neighboring countries in the last few years. This issue must be considered from broader perspective.

Bosnia and Herzegovina is dedicated to European integrations. Selection of "European path" requires fulfillment of very rigid European standards. Harmonization of excise rates represents one of requirements from *Acquis-a*, EU legal heritage. However, as opposed to some other requirements, the harmonization of excise rates must take place in longer period of time due to its negative fiscal, economic and social effects. With respect to willingness of all BiH citizens to become part of EU before 2015, it is necessary to start with difficult process of adjusting excise rates in accordance with EU standards prior to obtaining candidate status or opening the "Taxation" chapter. Experiences of some other countries that recently joined EU shows that it takes at least 6-7 years to achieve minimal excise rates or at least get closer to these standards. It is useful for fiscal policy makers to see negative experience of Croatia, which wanted to protect domestic production of cigarettes and waited long to start harmonization process. Croatian tobacco industry is in bad situation today since it is necessary to increase excise rates when consumption is decreasing both in the country and neighboring countries. Economic activities are decreasing as well as exports and investments. At the same time, fiscal deficit is increasing, which does not allow restructuring of tobacco industry. So, decision of the ITA Governing Board to start with introduction of European standards represents positive signal of EU that BiH is ready to face the challenges of accessing EU regardless how difficult they are.

2. DRAFT LAW ON EXCISE IN BiH AND COMPARISON WITH EU

In accordance with current Law on excise in BiH, cigarettes are taxed with the rate of 49% on base, which is made by retail prices reduced by VAT. By *ad valorem* excise rate, BiH is in upper half of European countries, while it is one of the last when it comes to tax burden far behind minimal rates in EU². There are several reasons for such situation. One of the reasons is high share of cheap cigarettes in the market structure of BiH, and low retail prices with application of percentage rate of excise can not result in high excise duties. In addition, BiH kept only *ad valorem* rate for years in order to protect domestic production. Increase of rates on January 1st, 2005, contributed to increase of gap in retail prices in favor of cheaper cigarettes. In the meantime, international companies delivering cheap cigarettes also showed up, so the goal of protecting domestic producers through *ad valorem* rates can not sustain without doing it in favor of importers too. Cigarettes market in BiH is unregulated without regulations in terms of minimal standards of quality of tobacco in circulation with no significant vertical integration of local companies with domestic producers who were well positioned in domestic and foreign market before the war because of their good sorts of tobacco. Current system of excise taxation with lower VAT rates compared with earlier 20% sales tax, did not provide incentive to invest in internal economy in order to get higher market share.

² More information on policy of cigarette taxation in EU is in the Bulletins 40-41, 42 and 44.

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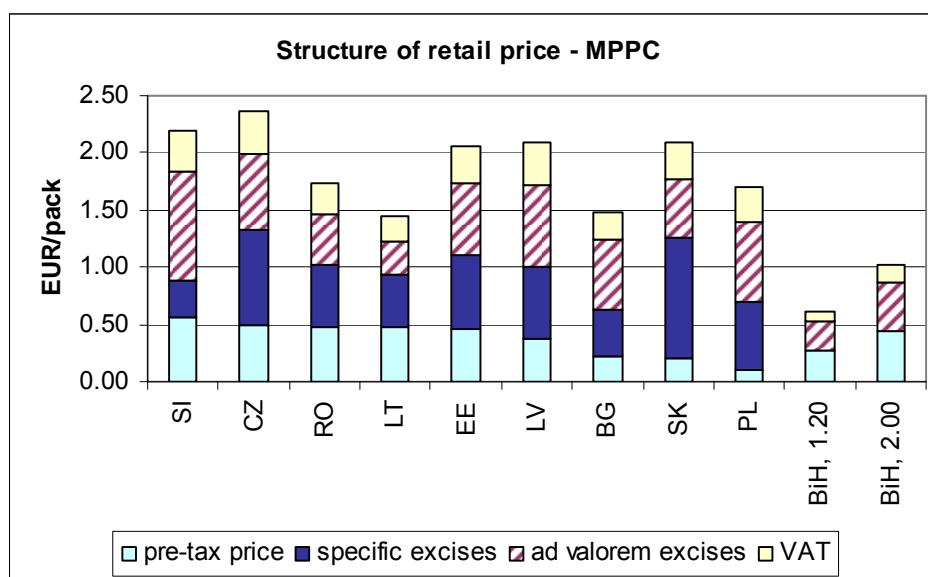


Chart 1: Structure of retail prices of most popular cigarettes, BiH and new EU member states (source for EU: European Commission, 1/1/2009)

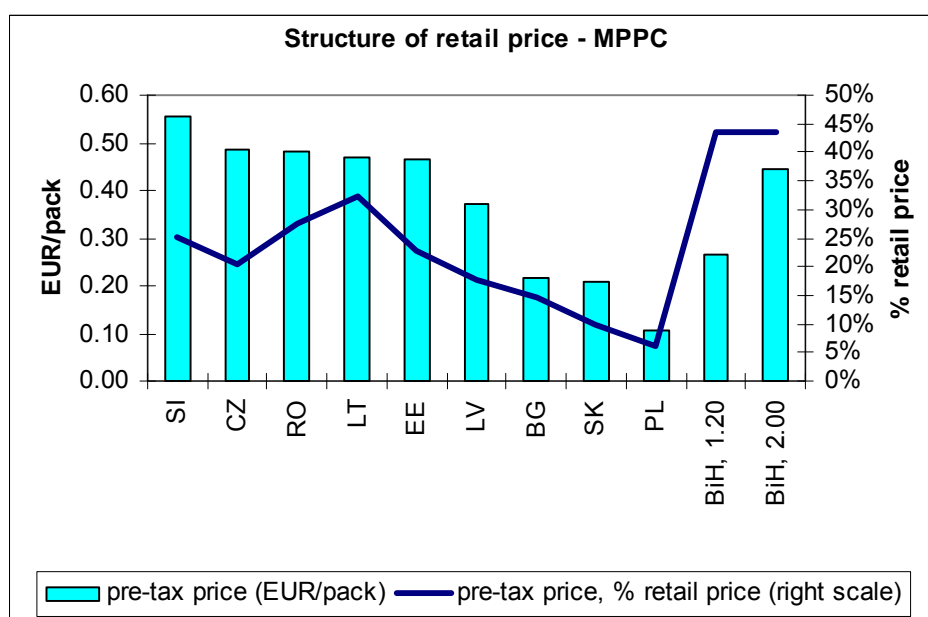


Chart 2: Structure of retail prices of most popular cigarettes, BiH and new EU member states (source for EU: European Commission, 1/1/2009)

Just a brief look on chart 1 shows how internal economy in BiH is behind some new EU member states. Price before taxation of most popular cigarettes in BiH (Retail price = 1,20 KM and 2,00 KM) is much higher than the price before taxation (which contains all costs, customs duties, profit margin) in other countries, which creates some room for improvement of internal economy. As opposed to that, other countries have much higher excise duties in comparison with BiH. BiH has one more fiscal competitive advantage – lower VAT rate – amongst lowest in Europe. Chart 2 shows that BiH has highest share in price before taxation in retail price in nominal amount and in % of tax burden. In comparison with Slovenia, we see that the price before taxation is only 30%

of retail price while it is higher than 40% in BiH. For illustration, most popular brand in Slovenia with price of 4,30 KM, the price before taxation is 1,08 KM, which includes high customs duties. In BiH, the same retail price has price of 1,87 KM before taxation. It is similar for other brands.

3. DYNAMICS FOR HARMONIZATION OF EXCISE IN BiH

Draft Law on excise in BiH envisages keeping the same rate of *ad valorem* excise in the amount of 42% of retail prices and introduction of 0,15 KM of special³ excise per pack of cigarettes. The Governing Board also chose gradual introduction of minimal excise on all cigarettes from 2010 in order to eliminate dumping for cigarettes of lower price categories.

In case the country chooses to collect minimal excise on cigarettes, which have price lower than most popular brand, EU directives prescribe that minimal excise can not be higher than excise collected on most popular cigarettes. By ceiling minimal excise, we avoid protection of most popular brand and more expensive cigarettes. However, minimal excise should be gradually increased to reach minimum of 64 EUR/1000 pieces.

Introduction of special excise is not favorable for cheapest cigarettes. As it can be seen from the Chart 3, under the assumption that companies from tobacco industry will not give up of profit in order to compensate introduction of special excise, introduction of complex excise rate will lead to increase of retail prices by producers/importers of cheap brands. Excise burden has decreasing trend i.e. it relatively decreases as retail price increases. Range of retail prices between most expensive and cheapest brand provided in the Chart 3 is reduced from 5:1, as it is today, to 3,7:1.

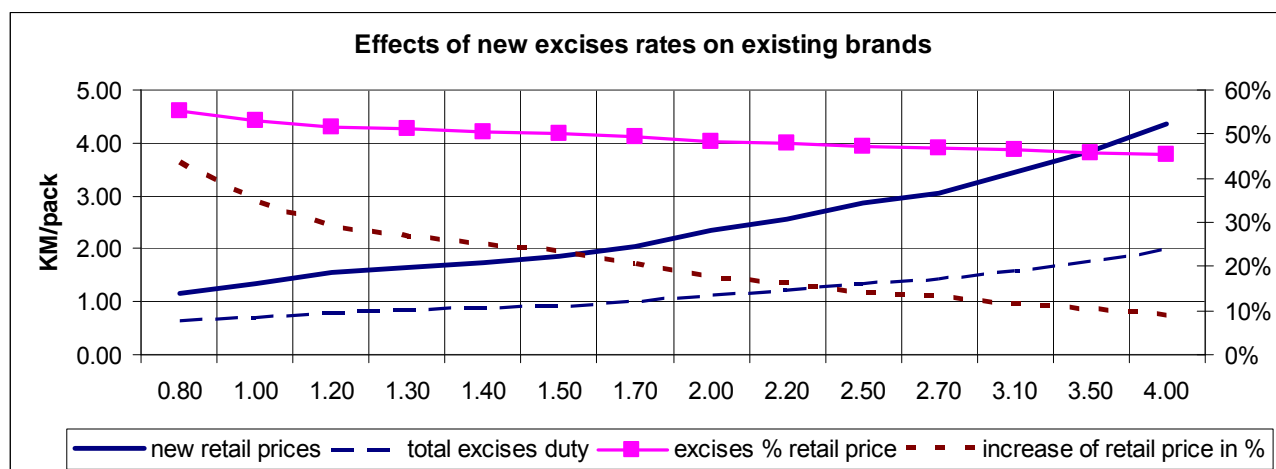


Chart 3: Effects of new excise rates on existing brands of cigarettes

In introductory section, we explained reasons of the Governing Board to start with harmonization of excise rates. Taking into consideration experiences of new EU member states, question is what dynamics should BiH have in further harmonization of excise rates in order to achieve minimal EU standards. As opposed to these countries, BiH does not have ten years to harmonize rates having in mind that EU will significantly increase its minimal excise rates in the next five years. So, BiH has no other option and it has to try achieving current minimal standards of 64 EUR/1000 pieces before 2015. The question is what dynamics to use in increase of rates from 2010 and what type of excise to focus on, *ad valore* or special.

³ The term "specific excise" is also used as transposition of English term „specific excise“

There are several scenarios:

- i. To increase only *ad valorem* excise rate
- ii. To increase only special excise
- iii. To find optimal ratio of both types of excise.

Possible scenarios are simulated in three most typical brands in BiH: cigarettes that today have price of 1,20 KM, 2 KM and 3,10 KM.

Scenario 1: balanced increase of *ad valorem* excise, rate of special excise = 0,15 KM/pack

If only *ad valorem* minimal excise of 64 EUR is increased that now have retail price of 1,20 KM will be achieved in 2020. Harmonization for most expensive brand will be achieved in 2015. (Chart 4).

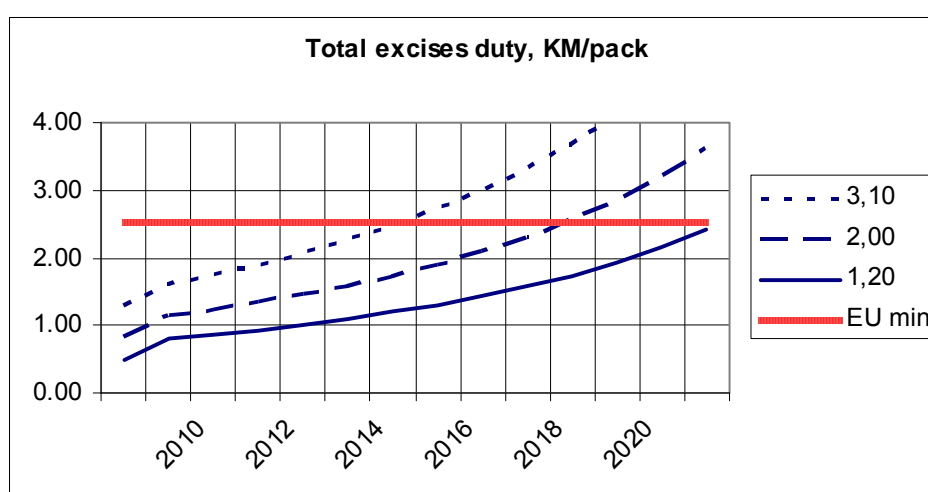


Chart 4: Dynamics of harmonization through increase of ad valorem rate

Scenario 2: balanced increase of special excise rate by 0,15 KM a year, *ad valorem* excise = 42%

If only special excise is increased, minimal excise of 64 EUR that now have cigarettes with retail price of 1,20 KM will be achieved in 2015. Harmonization for most expensive brand will be achieved in 2012 (Chart 5). In the end of harmonization process, range in prices of these two brands will be significantly reduced (Chart 6).

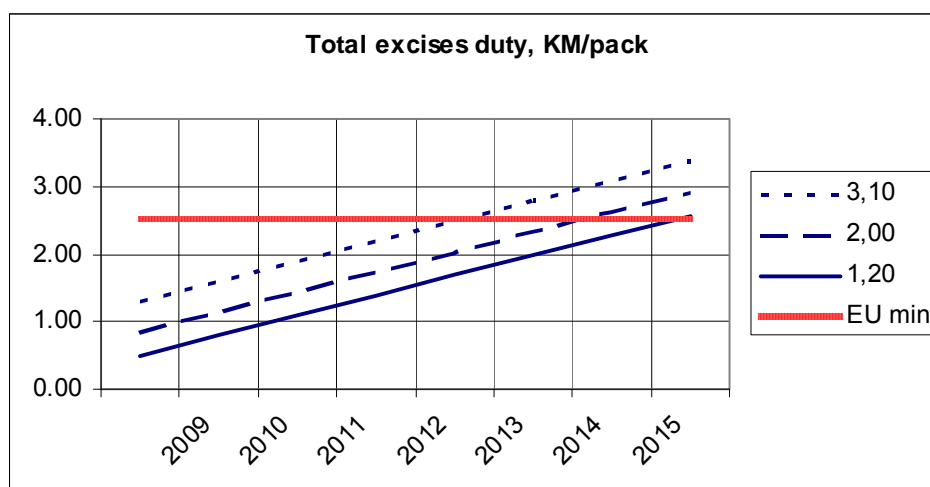


Chart 5: Dynamics of harmonization by increase of special rate

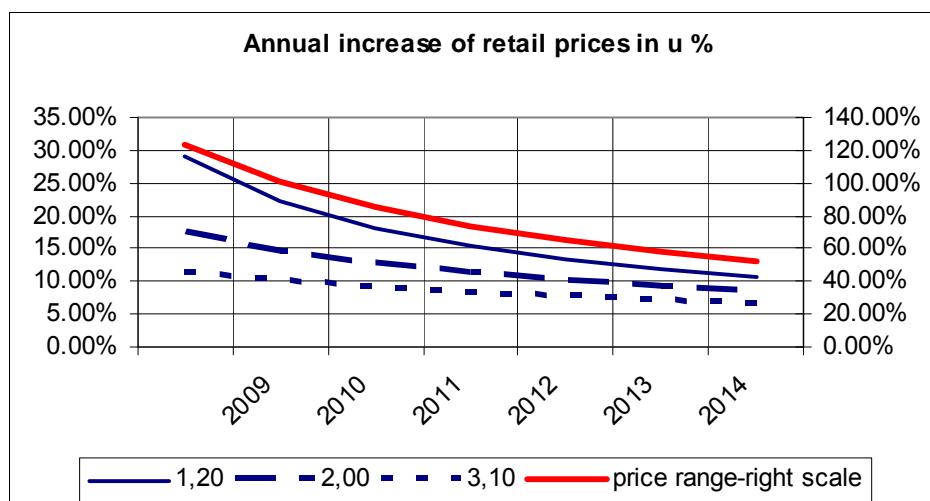


Chart 6: Dynamics of harmonization by increase of special rate

Scenario 3: balanced increase of special excise rate by 0,07 KM and *ad valorem* excise rate by 2% a year

Through balanced increase of both rates at annual level, special by 0,07 KM and *ad valorem* 2% annually, harmonization of cheapest brand will be achieved in 2016 (Chart 7, and increase of retail prices in first years of harmonization is easier for producers/importers (Chart 8), so final price range is a bit higher than in previous scenario. We would like to note that increase of *ad valorem* rate goes up to 57%, which is maximum amount in EU member states.

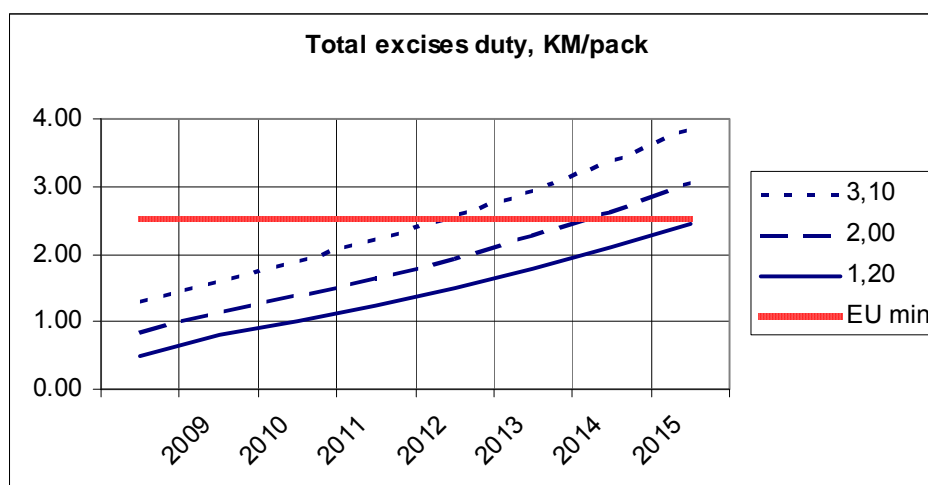


Chart 7: Dynamics of harmonization by combination of increasing rates of both types of excise

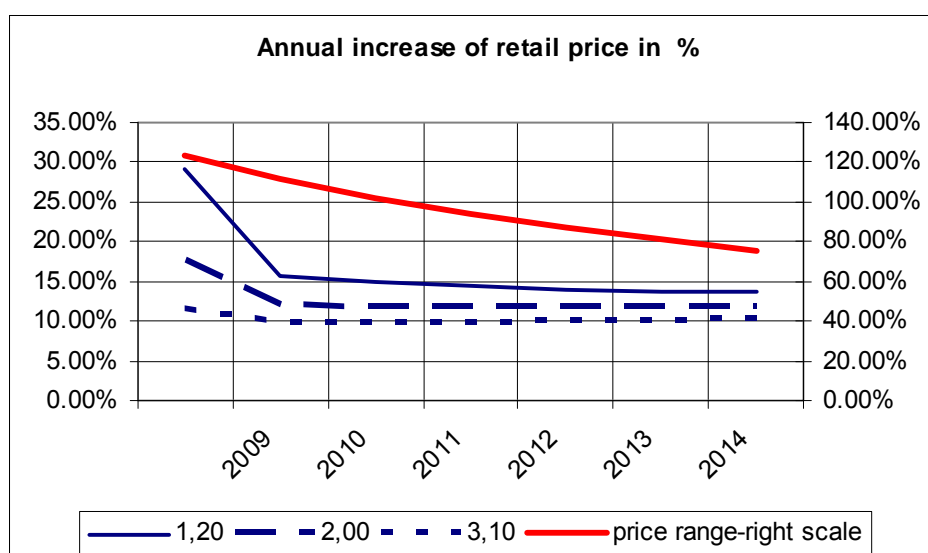


Chart 8: Dynamics of harmonization by combination of increasing rates of both types of excise

Members of ITA Governing Board decided in favor of gradual increase of special excise rate (scenario ii). Further in the article, we will explain why scenario ii represents best option in terms of dynamics to achieve EU minimal standards. Analysis of three scenarios has shown that it's necessary to be persistent in gradual increase of special excise if we want to direct consumption of cigarettes towards better types of cigarettes. Insisting on *ad valorem* excise would have negative impact on competitiveness in the market, which would lead to keeping current structure of cigarettes and relationships in the market. Introduction of special excise only could have impact on producers/importers to invest in improvement of quality of products and increase of efficiency in internal economy, and to increase sales efforts. Although scenario (iii) represents more moderate option, we should emphasize that it shows the trend in the last few years in EU in regards to *ad valorem* excise. As it can be seen from the chart 9, average excise rate in EU does not exceed 40%. At the same time, there is process of convergence of *ad valorem* excise, so the rates are becoming equal in terms of average. This trend, measures through variation coefficient is even more emphasized in new member states. Since current rate of *ad valorem* excise is 42%,

it is obvious that BiH already achieved upper limit. So, scenario (ii) remains as possible option, which ensures the following:

- Structure and amount of excise rates in BiH is harmonized with EU minimal standards
- Trends in cigarettes taxation in BiH are harmonized with convergence process of excise rates in EU
- Strengthening of competitiveness and propulsion in the market of tobacco products, which implements goals of social and health policy
- Dynamics of harmonization of rates is harmonized with planned dynamics in implementation of EU accession process.

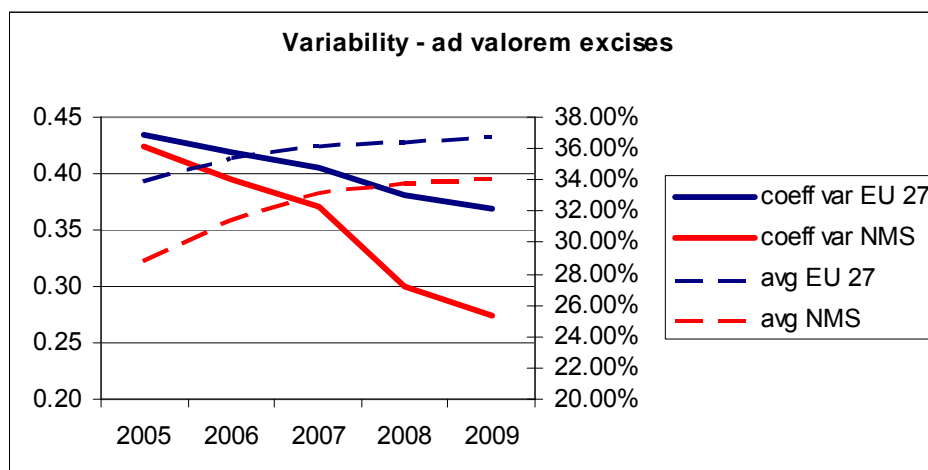


Chart 9: Variability of ad valorem excise in EU and new member states

4. CONCLUSION

Analysis of process for harmonization of excise rates with minimal EU standards has shown that the process of harmonization is complex and it requires longer period of time. New EU strategy means significant increase of minimal excise rate in order to implement goals of social and health policy in EU. Member states that did not carry out harmonization will be in harder position, although the Commission announced that it will prolong current transitional period for some. Harmonization of excise taxation standards in EU should eliminate harmful tax competition amongst member states and create conditions for fair game between companies in tobacco industry. These are all valuable experiences for BiH. Advantage for BiH is existence of favorable climate i.e. general support to European integrations. In addition, existence of ITA Governing Board is an ideal mechanism for achieving flexibility and operability in harmonization of excise rates, as this role was played by the government in case of Slovenia. Since entity ministers of finance are members of the Governing Board with right of veto, decision making on excise rates within the Governing Board will protect entity interests, which is necessary due to our constitutional-political organization (as opposed to centralized Slovenia). Presented simulations of dynamics and tempo of harmonization showed that it is necessary to carefully balance both types of excise in order to fulfill EU requirements and planned dynamics of the harmonization. In the end, analysis of the structure of retail prices in BiH and our neighboring countries has shown that there is a room for improvement of internal economy in production of cigarettes in BiH, with vertical integration with producers of raw materials – tobacco, so that the process of harmonization of rates can be significantly relaxed.

Analysis of revenues from excise taxes on alcohol and alcoholic beverages (including beer and wine)

(Prepared by: Aleksandar Eskić, Macroeconomist in the Unit)

With this article we open the topic of alcohol taxation policy, and alcoholic beverages including beer and wine, as well as previous experience of Indirect Taxation Authority of Bosnia and Herzegovina in this respect. In this issue we present the most important characteristics in terms of dynamics and direction of the size and value of alcohol and alcoholic beverages, and appropriate executed excise taxes in the observed period 2005 - 2008. Why this four-year period? Well, because the basic system Law on Excise Taxes in Bosnia and Herzegovina has been applied in this period, which came into force on 01.01.2005., which corresponds to the formation of coherent Single account (SA) institute in which they, among others, income from taxation of these types of goods paid to the account. We remind you that in this period no significant change occurred related to the taxation treatment of the analyzed products. All analysis has been done on the basis of available data of Indirect Taxation Authority of Bosnia and Herzegovina.

Basic characteristics of the taxation system of alcohol and alcoholic beverages for the period 2005 - 2008

During the whole four-period income from excise taxes on alcohol and alcoholic beverages (including beer and wine) in Bosnia and Herzegovina continued growth and is for almost 35% higher in 2008. than in 2005. In the same period share participation of this income in total excise taxes has not significantly changed. To a certain extent, the exception is year 2008. when it came to a total stagnation of excise paid on alcohol and alcoholic beverages compared to the previous year, where comes to a sharp fall of domestic component, which is neutralized by the growth of imported component. It therefore occurs to a slight decline of participation in the total income of the income from excise taxes in 2008. In the next issue we will present available data for 2009. by types of excise products, expressed trends in the consumption of alcohol and alcoholic beverages, excise duties executed as well as a possible changes in taxation policy of these types of products.

The main purpose of this general analysis is to point out the direction and dynamics of direction of the observed phenomenon, or its parts, which contributes to better understanding the current situation, what can we expect in the future if we maintain the existing policy, as well as the places where it is necessary to intervene to the minimum necessary to blend our practice with EU standards in this area.

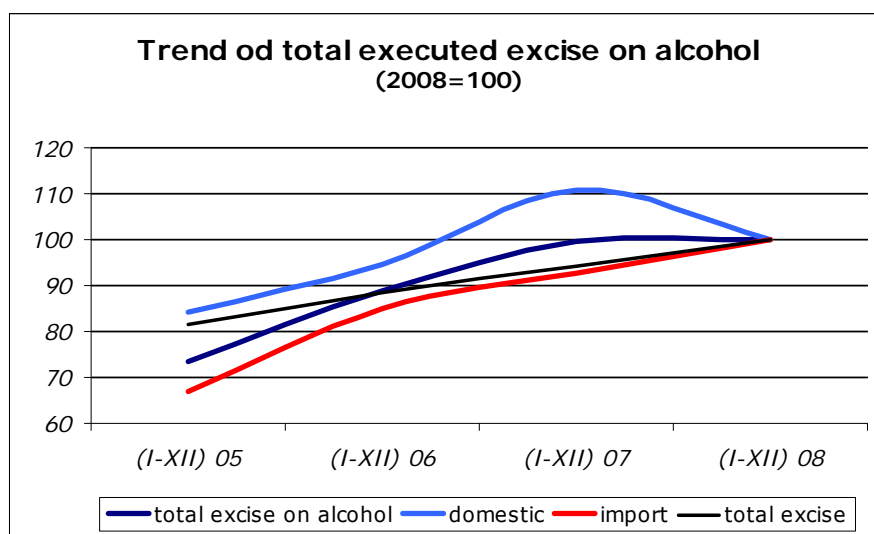


Table 1 (Chart 1): Trend of total executed excise on alcohol

(2008=100)	(I-XII) 05	(I-XII) 06	(I-XII) 07	(I-XII) 08
Total excise on alcohol	74	89	100	100
<i>Domestic</i>	84	95	111	100
<i>Import</i>	67	85	93	100
Total excise	81	89	94	100

When presenting the data we took year 2008 as the base year (2008=100) and therefore calculated values from previous years. From the table below we see that the total excise taxes on alcohol grew substantially compared to the rate growth of total excise taxes. Besides, import excise taxes grew significantly faster than the domestic excise taxes, which is in year 2008 fell by about 10%. These come to the conclusion that domestic production is slowly losing the game with imported products and that is urgently needed to investigate the causes of this situation and define the measures to overcome it.

In this place, we present the basic characteristics of brewer industry in Bosnia and Herzegovina, which should give an answer to why we should strongly support domestic production. This industry employs about 1400 workers and has installed capacity usage around 40%. Representatives of the industry claim that every job in the brewery tied at least three jobs in related activities. Brewery Committee warns of difficult situation in brewer industry, especially because of the enormous import of beer from the neighboring countries, and even announced possible reduction of production and layoffs.

In an attempt to use very big pieces of unused land that are state-owned, and to secure agricultural producers good opportunity with the optimal technology that provides cost-effective work, some Breweries have already taken concrete steps. They managed to get to the quality of local varieties of barley, and in areas that enable the production of barley; they seeded this culture of this area. In addition, they started with the financing of this production, but expect some concrete help from domestic authorities which would enable the purchase of barley and a large decrease of the grain imports, which currently imports 6 local breweries.

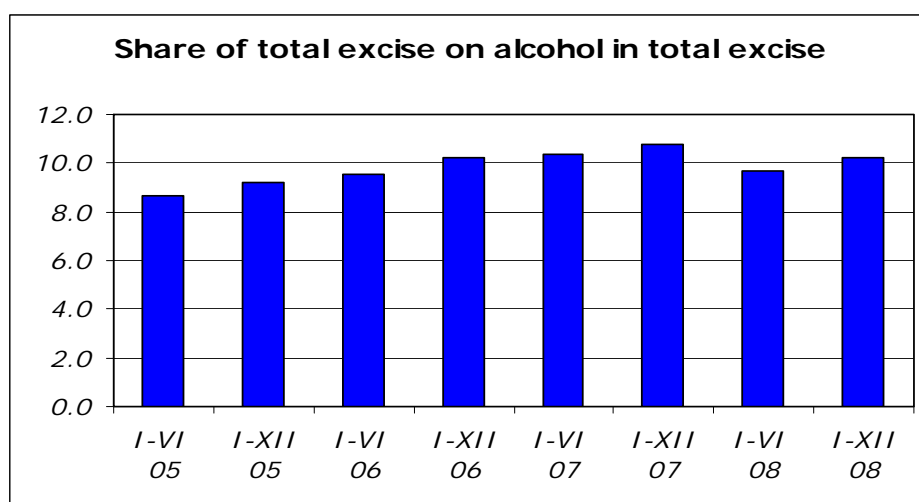


Table 2 (Chart 2): Significance of excise on alcohol

	I-VI/I-XII 05	I-VI/I-XII 06	I-VI/I-XII 07	I-VI/I-XII 08
Share of excise on alcohol	8.7/9.2	9.6/10.2	10.4/10.8	9.7/10.2

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In Table 2 we see that the participation of the excise taxes is constantly at the level of about 10% of the total excise and this comes to a slight fall in the last analyzed year. In absolute terms, the amount of these types of excise is only slightly increased, but due to the growth of revenues from excise duties on oil and oil derivatives participation of this kind of income markers mild fall. Notice also another feature of this type of income, and it refers to the regular participation of less revenue at the end of every term in relation to the end of the year. This leads us to the conclusion that the consumption of these types of seasonal products is determined that is necessary to take into account when planning this kind of income tax, especially if tax policy changes come into force during the calendar year.

On the Chart 3 we presented the direction of domestic and import excise duties in the total excise taxes on alcohol in the analyzed period. From what is shown, it could be clearly seen the direction of changes from year to year, but in favor of import excise in relation to the domestic. Participation of domestic excise has dropped from 44.4% at the end of year 2005 to 38.8% at the end of year 2008 while the import of excise taxes increased from 55.6% to 61.2% in the same period. Also we can see that the domestic excise gets better in the second half of the year, which again points to the possible hidden reserves for domestic manufacturers, which should provide the same high-quality presence on the market during the year.

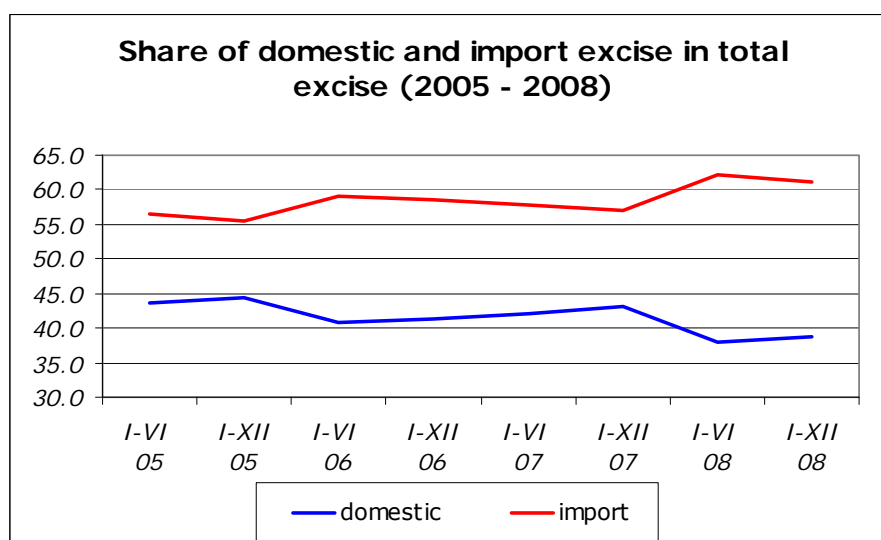


Table 3 (Chart 3): Share of domestic i.e. import excise in total excise

	I-VI/I-XII 05	I-VI/I-XII 06	I-VI/I-XII 07	I-VI/I-XII 08
Domestic	43.6/ 44.4	40.8/ 41.4	42.2/ 43.1	37.9/ 38.8
Import	56.4/ 55.6	59.2/ 58.6	57.8/ 56.9	62.1/ 61.2

In Table 4 we have presented data based on the customs reports related to the volume and value of imported alcohol and alcoholic beverages. We took year 2008 as the base year and saw almost perfect direction and tempo of both observed phenomena, which indicates that the identical structure of these products are imported. Average value of imported unit is 1 KM/kg during the entire analyzed period. If we take that the vast majority of these products originate from the Republic of Serbia and the Republic of Croatia, then we can think that there is a stable demand for these products and that domestic producers are yet to significantly improve their position on a very liberal Bosnian market.

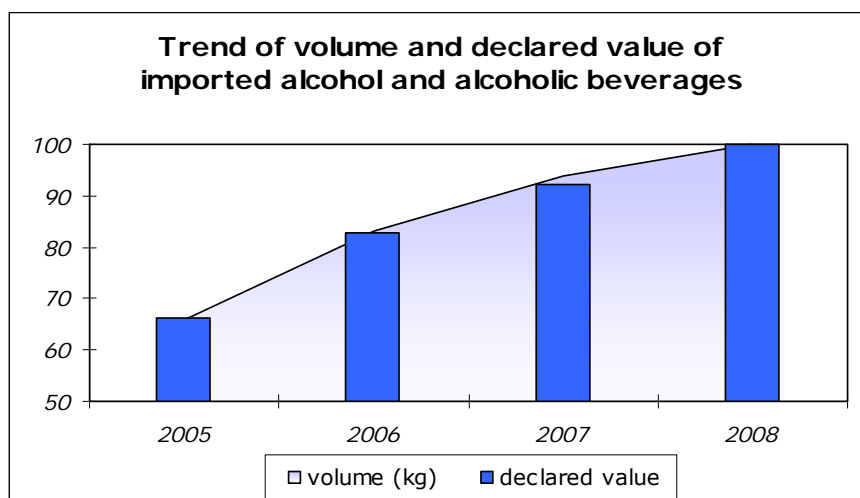


Table 4 (Chart 4): Trend of volume and declared value of imported alcohol and alcoholic beverages

(2008=100)	2005	2006	2007	2008
volume (kg)	66	83	94	100
Declared value	66	83	92	100

In the next issue we will introduce the basic contours of European legislation in this area and the direction in which our country should be moving in redefining treatment of these products. Our aim is to range closer the EU legislation in detail and present them toward solutions in Bosnia and Herzegovina, as well as solutions that could become our reality very soon.

Consolidated reports

(prepared by: Mirela Kadić, Research Assistant)

Table 1. (Consolidated report: BiH: SA and Entities)

The consolidated report includes:

- revenues from indirect taxes collected by the Indirect Tax Authority on the Single Account,
- transfers from the ITA Single Account for external debt servicing,
- transfers from the ITA Single Account for financing Brčko District, cantons, municipalities and Road Directorates,
- revenues of the budget of Bosnia and Herzegovina from the ITA Single Account,
- revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
- revenues and expenditures of the budget of the Republika Srpska.

Table 2. (Consolidated reports: Cantons)

1. Consolidated report includes:

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

BiH: SA and Entities, I-II, 2009

		I	II	Total
1	Current revenues	384,4	357,0	741,3
11	Taxes	367,0	337,2	704,2
111	Indirect taxes	351,7	316,9	668,6
	VAT	254,3	209,2	463,5
	VAT on imports	126,3	151,9	278,1
	VAT from VAT returns	168,1	109,4	277,5
	VAT from automatic assessment done by ITA	0,0	0,0	0,1
	One-off VAT payments	0,1	0,4	0,5
	Other	2,6	1,9	4,6
	VAT refunds	-42,8	-54,4	-97,2
	Custom duties	22,3	27,7	50,0
	Sales tax	0,4	0,7	1,1
	Excises	61,7	65,4	127,1
	on imports	49,1	44,2	93,3
	on domestic production	12,6	21,2	33,9
	Railroad tax	12,0	13,3	25,4
	Other	1,0	1,1	2,1
	Other refunds	-0,2	-0,5	-0,7
112	Direct taxes	15,3	20,3	35,6
	Income taxes	7,5	9,7	17,2
	Other tax revenues	7,8	10,6	18,4
12	Non-tax income	16,3	19,6	35,9
13	Other revenues	0,0		0,0
14	Grants	0,2		0,2
15	Transfers from other level of government	0,8	0,2	1,0
2	Current expenditures	311,5	373,7	685,2
21	Consumption expenditures	56,3	80,1	136,5
211	Wages and compensations	53,0	72,7	125,7
212	Purchases of goods and services	3,3	7,5	10,8
22	Grants, transfers, subsidies	17,4	55,4	72,8
	Transfers to households	14,6	43,3	58,0
	Transfers to organizations/ institutions	0,1	1,2	1,3
	Subsidies	2,7	10,9	13,6
23	Interest payments	0,7	9,0	9,7
24	Other expenditure/transfers	1,0	20,5	21,5
25	Transfers from Single Account	216,8	200,8	417,6
	o/w : BiH Budget	52,3	60,7	113,0
	o/w: FBiH / Cantons, Municipalities, Road Fund	124,0	110,9	235,0
	o/w: RS / Municipalities, Road Fund	29,8	20,0	49,8
	o/w: Brcko	10,6	9,2	19,8
27	Transfers to lower levels of government	18,6	7,3	25,9
28	Net lending*	0,7	0,5	1,2
3	Net acquisition of nonfinancial assets	0,3	9,3	9,6
4	Government surplus (+)/ deficit(-) (1-2-3)	72,5	-26,0	46,5
5	Net financing**	-0,63	-0,4	-1,0

Table 1

Bosnia-Podrinje Canton, I-XII, 2008

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII 2008
1	Total revenues (11+12+13+14)	2.768.849	2.750.910	3.037.627	3.311.453	5.735.885	3.985.677	5.795.821	3.529.348	3.541.007	3.463.367	2.709.495	5.862.373	46.491.812
11	Taxes	2.467.845	2.248.870	2.728.926	2.830.978	2.725.008	2.848.934	3.038.011	2.785.484	2.983.414	3.056.932	2.353.712	2.844.799	32.912.913
	Income and profit tax	37.212	65.132	44.962	31.750	51.546	38.941	25.966	64.128	13.595	50.122	22.268	35.537	481.158
	Taxes on personal income and selfemployment	160.574	255.134	266.876	314.130	250.979	250.126	281.557	256.668	275.736	266.527	261.404	526.203	3.365.916
	Property tax	32.174	77.592	51.961	55.401	53.291	71.460	61.718	103.562	41.940	26.133	25.784	25.625	626.642
	Sales tax (incl.excises) (according to Regulations until 31.12.2005)	58.243	64.563	10.764	7.722	26.260	21.794	52.691	7.346	25.910	19.603	11.428	16.143	322.467
	Transfer from Single Account	2.172.347	1.775.526	2.343.046	2.408.667	2.330.852	2.453.168	2.603.354	2.341.641	2.613.797	2.682.745	2.019.513	2.217.800	27.962.454
	Other taxes	7.296	10.922	11.317	13.308	12.080	13.445	12.725	12.139	12.436	11.802	13.316	23.492	154.276
12	Non-tax revenues	242.861	391.911	238.928	380.340	253.382	509.700	415.748	397.867	222.425	303.668	238.714	342.390	3.937.936
13	Grants	19.326	104.955	66.742	96.622	2.754.508	623.844	2.327.001	327.172	326.870	102.179	104.298	2.690.827	9.544.344
14	Other revenues	38.817	5.174	3.032	3.512	2.986	3.199	15.061	18.825	8.297	587	12.771	-15.642	96.618
2	Total expenditures (21+22)	2.680.335	2.890.455	3.317.224	3.218.587	3.082.728	3.761.428	3.869.327	3.824.276	3.075.544	4.250.479	3.506.836	5.550.869	43.028.088
21	Current expenditures	2.680.335	2.890.977	3.317.663	3.219.507	3.082.812	3.761.866	3.869.807	3.824.839	3.073.322	4.250.967	3.507.236	5.551.195	43.030.526
	Wages and compensations	1.510.491	1.614.763	1.602.434	1.609.114	1.634.022	1.656.784	1.930.869	1.562.009	1.635.146	1.686.590	1.664.951	1.824.023	19.931.198
	Of which::Gross wages	1.295.121	1.377.112	1.342.975	1.340.794	1.371.096	1.350.562	1.330.774	1.339.172	1.381.823	1.402.269	1.407.094	1.432.466	16.371.259
	Of which: compensations	215.370	237.650	259.460	268.320	262.925	306.222	600.095	222.837	253.324	284.321	257.857	391.558	3.559.939
	Other taxes and contributions	161.773	164.952	166.770	165.738	168.521	177.070	163.737	167.736	169.026	175.063	175.398	164.542	2.020.324
	Purchases of goods and services	405.810	528.559	524.316	411.936	317.417	310.080	261.763	171.701	332.175	523.055	505.732	772.388	5.064.931
	Grants	602.070	580.335	1.022.392	1.031.353	958.553	1.611.663	1.512.014	1.914.545	886.106	1.748.605	1.159.601	2.786.971	15.814.209
	Interests payments	191	2.368	1.364	1.366	1.489	1.269	1.424	1.314	24.934	117.654	1.554	1.271	156.198
	Transfers from lower spending units	0	0	386	0	2.810	5.000	0	7.535	25.935	0	0	2.000	43.666
22	Net lending	0	-522	-438	-920	-83	-438	-480	-563	2.222	-488	-400	-326	-2.438
3	Net acquisition of non-financial assets	70.853	55.825	369.530	210.721	69.281	15.057	49.568	48.802	139.459	640.355	633.078	1.056.308	3.358.836
4	Gov.surplus(+)/deficit(-) (1-2-3)	17.660	-195.370	-649.127	-117.855	2.583.875	209.192	1.876.926	-343.730	326.005	-1.427.467	-1.430.418	-744.804	104.887
5	Net financing**	-8.193	-18.465	-129.110	-12.050	-11.993	-11.770	-43.377	-143.280	-14.650	0	-15.561	16.909	-391.541

Table 2.1.

Herzegovina-Neretva Canton, I-XII, 2008

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII 2008
1	Total revenues (11+12+13+14)	21.330.000	19.291.886	21.281.762	20.669.587	23.606.824	23.008.669	23.119.952	20.619.431	22.769.961	23.300.086	18.917.892	33.367.734	271.283.783
11	Taxes	16.667.563	13.552.923	16.680.143	16.337.056	16.764.037	16.786.712	17.699.744	15.636.781	18.087.546	18.179.326	14.639.606	18.885.056	199.916.492
	Income and profit tax	880.148	876.642	916.724	523.448	595.002	411.080	594.945	383.262	813.606	849.365	884.554	795.962	8.524.738
	Taxes on personal income and selfemployment	2.105.105	2.167.682	2.110.732	2.391.978	2.491.323	2.370.252	2.506.643	2.171.903	2.329.982	2.524.556	2.380.729	5.439.057	30.989.943
	Property tax	909.175	582.275	821.345	660.964	1.063.091	738.762	751.819	726.750	613.511	749.261	575.896	448.868	8.641.717
	Sales tax (Reg. until 31.12.2005)	771.903	451.594	432.813	81.486	344.761	362.782	176.763	75.754	90.940	336.756	131.643	483.246	3.740.439
	Transfer from Single Account	11.875.598	9.277.811	12.147.470	12.437.559	12.110.233	12.724.886	13.503.075	12.126.690	14.082.267	13.449.553	10.526.594	11.521.910	145.783.647
	Other taxes	125.633	196.918	251.059	241.621	159.628	178.949	166.499	152.423	157.239	269.835	140.190	196.013	2.236.008
12	Non-tax revenues	3.364.152	5.250.396	4.189.397	3.947.011	6.330.936	4.175.574	4.227.581	4.347.490	3.299.568	3.686.568	3.456.639	9.118.831	55.394.141
13	Grants	1.220.823	374.927	334.761	278.558	328.609	1.244.356	996.265	452.799	1.191.614	1.335.929	729.785	5.275.486	13.763.914
14	Other revenues	77.462	113.640	77.462	106.962	183.242	802.027	196.362	182.362	191.232	98.262	91.862	88.362	2.209.236
2	Total expenditures (21+22)	14.260.220	15.582.931	18.571.600	16.953.910	20.846.418	21.886.780	19.536.518	17.719.637	24.885.642	22.215.667	20.614.984	37.329.979	250.404.286
21	Current expenditures	14.260.220	15.582.931	18.571.600	16.953.910	20.846.418	21.886.780	19.536.518	17.719.637	24.885.642	22.210.667	20.614.984	37.329.979	250.399.286
	Wages and compensations	8.324.714	8.314.156	7.905.445	10.474.952	9.768.146	9.972.860	11.785.226	9.127.621	10.212.565	10.142.865	10.350.087	14.376.816	120.755.453
	Of which:Gross wages	6.637.720	6.642.334	6.273.690	7.964.849	7.842.724	7.788.561	7.693.277	7.774.939	8.055.189	8.100.747	8.258.888	9.510.662	92.543.580
	Of which: compensations	1.686.994	1.671.823	1.631.755	2.510.103	1.925.421	2.184.299	4.091.949	1.352.683	2.157.376	2.042.119	2.091.199	4.866.153	28.211.873
	Other taxes and contributions	788.046	783.523	645.735	1.027.502	934.225	923.246	905.427	897.552	981.910	963.017	976.454	1.128.817	10.955.453
	Purchases of goods and services	1.820.377	1.746.554	2.609.078	2.247.304	2.736.194	3.524.680	2.018.839	3.374.254	5.262.263	4.270.195	3.487.773	8.022.327	41.119.838
	Grants	3.104.498	4.166.736	6.227.745	3.048.480	6.903.253	6.100.869	4.344.396	3.821.501	7.211.917	6.586.082	5.292.219	12.716.103	69.523.798
	Interests payments	121.146	23.029	30.514	25.545	24.802	23.926	117.103	34.274	45.524	24.913	10.711	37.522	519.009
	Transfers from lower spending units	101.438	548.933	1.153.084	130.128	479.799	1.341.198	365.527	464.435	1.171.463	223.595	497.741	1.048.395	7.525.735
22	Net lending	0	0	0	0	0	0	0	0	0	5.000	0	0	5.000
3	Net acquisition of non-financial assets	1.132.829	1.651.722	1.283.136	1.489.326	1.696.343	2.148.672	3.194.303	1.388.883	2.128.250	2.733.691	2.155.370	3.545.017	24.547.543
4	Gov.surplus(+)/deficit(-) (1-2-3)	5.936.950	2.057.232	1.427.026	2.226.350	1.064.063	-1.026.783	389.131	1.510.911	-4.243.931	-1.649.273	-3.852.462	-7.507.262	-3.668.046
5	Net financing**	-204.256	284.609	103.525	-21.849	351.331	-22.018	-191.545	-22.075	-70.533	-27.741	-14.341	-28.393	136.714

Table 2.2.