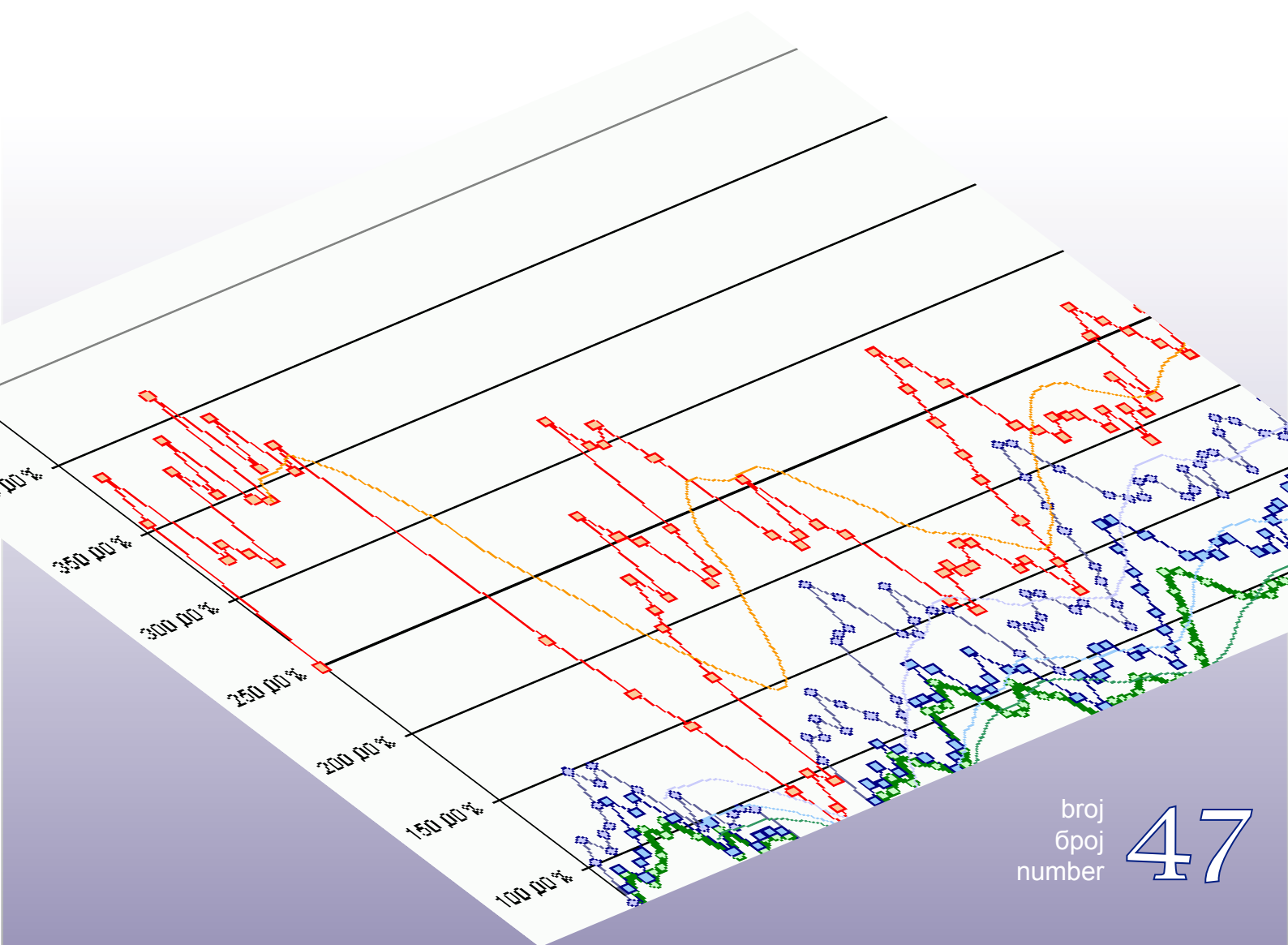




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

# *Oma Bilten*



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## With this issue

Excise as type of special taxes are considered as generous type of public revenues since the consumption of goods taxed by excise are usually non-elastic or less elastic. In addition to fiscal motives, the other reason for introduction of excise is realization of redistributive state functions. Excise products are considered luxury goods that are usually consumed by richer citizens and additional tax rates on consumption of these goods are justified by so called "Robin Hood policy" i.e. excise revenues collected from rich citizens are directed for financing general social needs of poor population. In the last century, under the burden of growing externalities, which is the result of production and consumption of excise products and their impact on living environment and health of people, ecological and health policy goals are suppressing fiscal and social goals. Ultimate objective of this turn is direction of resource consumption (capital, work force) towards production of goods that are socially beneficial and that pollute living environment and jeopardize lives of people less.

New Law on excise, which was recently adopted by BiH Parliament, disturbed the public and business community. Bosnia and Herzegovina is dedicated to European integrations. Selection of "European path" requires fulfillment of sometimes rigorous European standards. So, adoption of new Law on excise represents positive signal to EU that BiH is ready to face with challenges that EU association process brings despite the fact how difficult they might be.

As of this issue, we are starting with series of articles on excise taxation of one broad group of products in which we include beer, wine, alcohol, alcohol and soft drinks. Excise revenues on these products amount to 0,4% of GDP in BiH. Having in mind that Slovenia has half of BiH population and it collects excise revenues two times more on this group of products, there is a room to increase efficiency in this segment of public revenues in BiH. One of possible steps is transposition of European taxation standards, legal norms and regulations in this field.

Dinka Antić, PhD  
Head of Unit

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## Collection of indirect taxes I-III 2009

(Author: Dinka Antić, Phd)

For the first four months of 2009, Indirect Taxation Authority (ITA) collected total of 1,324 billion KM of indirect taxes after refunds of VAT and other taxes were deducted. In the same period, ITA collected additional 13,7 million KM of revenues that remained unadjusted on April 30, 2009 and they can not be used for analysis by type of revenues<sup>1</sup>. Comparison with the same period in 2008, ITA collected 11,95% less revenues from indirect taxes. Decreasing trend in the collection started in fourth quarter of 2008 and it continued in this year. Although the collection is significantly lower than last year, good thing is that there was no further worsening as it was the case in other countries. It is necessary to add that unadjusted revenues from the end of April 2009 were added to that month for the purpose of graphical representation (Chart 1). In addition, net collection in January and February was burdened with refunds from 2007 and representation of changes in net collection in these months of 2009 should be considered with reserve and it should be rather observed as trend and less as exact calculation of change<sup>2</sup>.

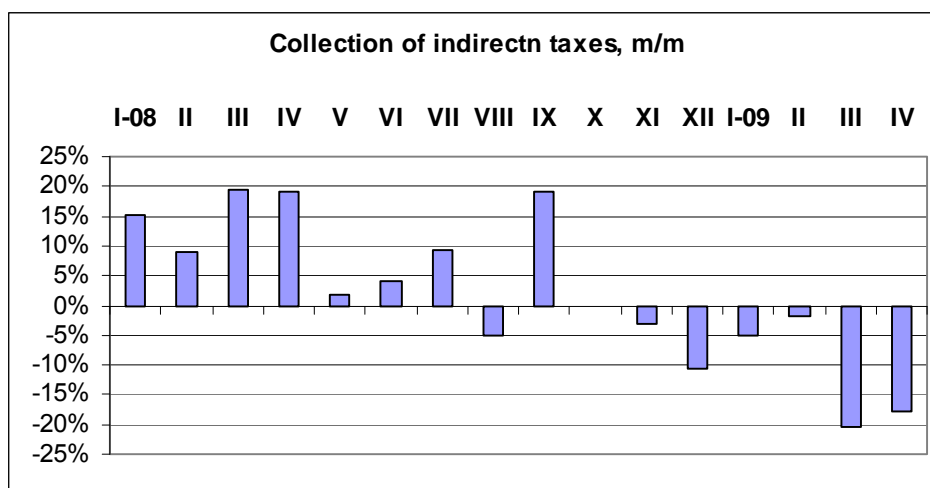


Chart 1

Observation of trends in gross collection of indirect taxes and refunds paid as the result of decrease in exports and investments (Chart 2). However, observed for the period from October 2008 to April 2009, refunds increased by 19,6% and the gross collection decreased by 5%. Growth of the refunds with decrease of gross collection led to decrease of net collection of indirect taxes by 9% in observed period October 2008-April 2009 compared to the period October 2007-April 2008<sup>3</sup>.

<sup>1</sup> Unadjusted revenues include revenues for which breakdown of payments (single account) and analytical records of taxpayers in IT modules of ITA can not be matched (VAT, customs, excise)

<sup>2</sup> More correct methodological approach would mean correction of paid refunds in fourth quarter of 2007 and first quarter of 2008. Comparison on monthly basis would require more precise estimate of amount for correction on monthly basis.

<sup>3</sup> In the Bulletins no. 45 and 46, this approach is explained on analysis of the collection and reasons that influenced the Unit to select this approach.

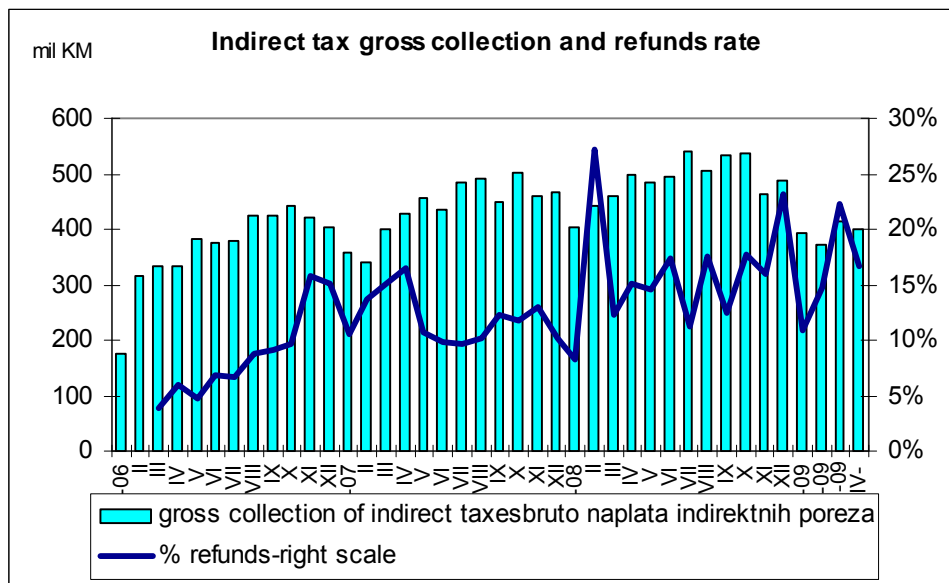


Chart 2

By analyzing the collection by type of revenues from indirect taxes, we can conclude that negative trend in the collection was decreased by stable collection of revenues from excise and road fees (Chart 3). As expected, revenues from customs duties decreased by two times although we should bear in mind that the base for comparison (period January-April 2008) is much higher due to enormous growth of prices in the world market. Higher base from the last year and lower imports this year resulted in dramatic decrease of customs revenues.

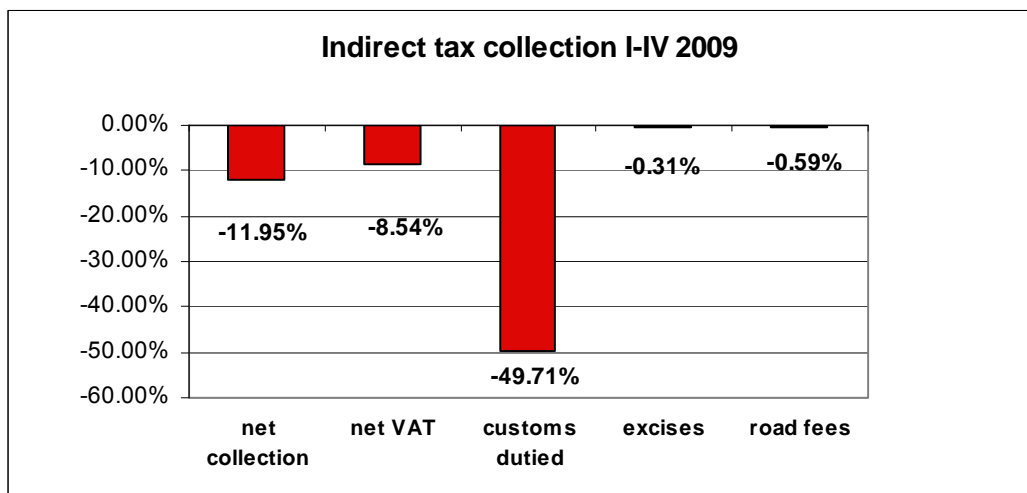


Chart 3

Ratio of customs and imports is shown in the chart 4. As of July 2008, we can notice lower correlation of these two variables, which is the result of implementation of the EU Stabilization and Accession Agreement.

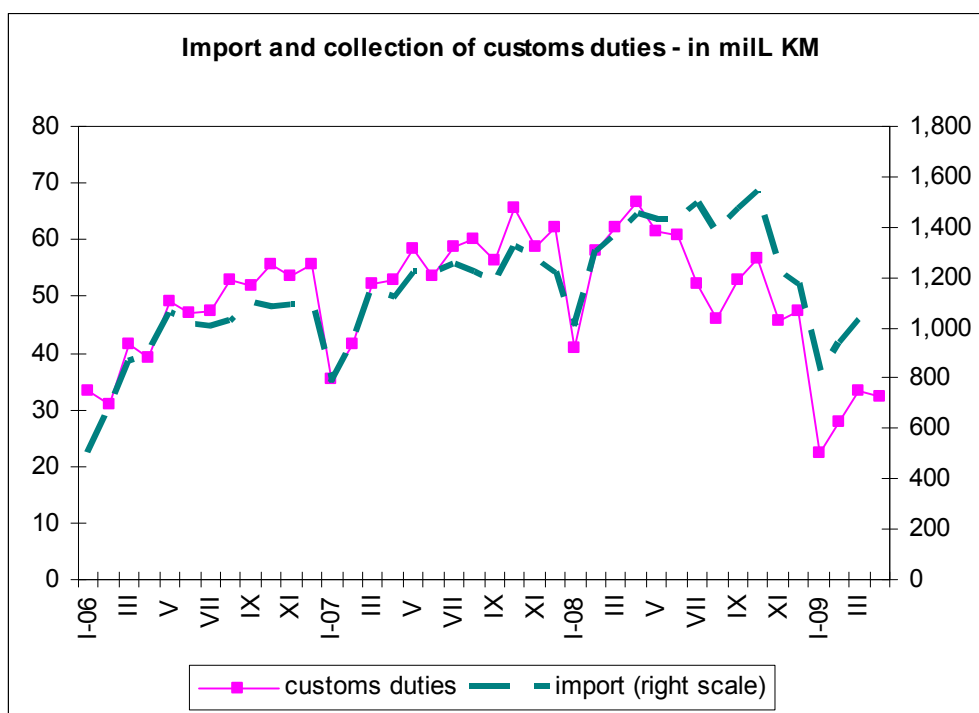


Chart 4

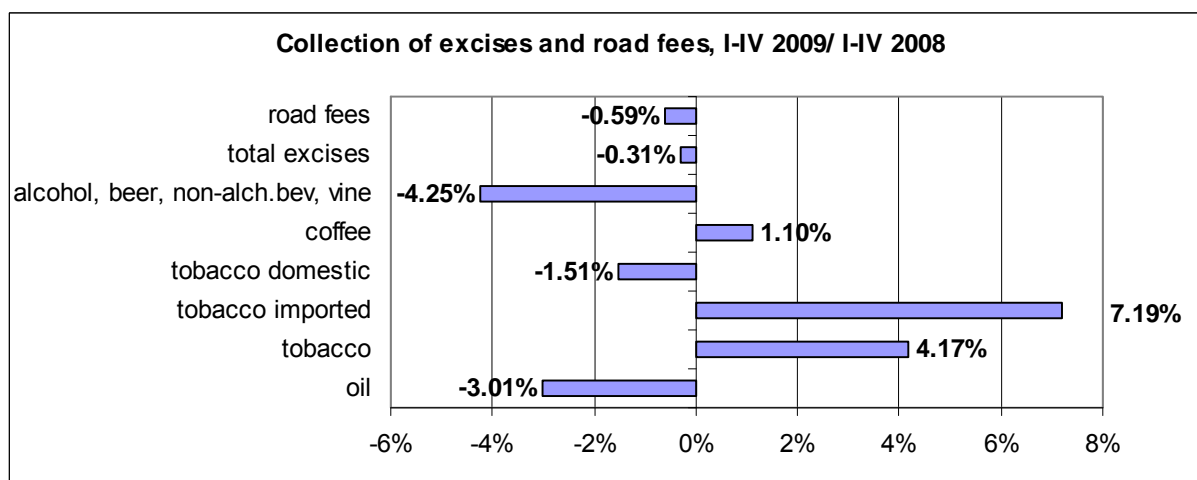


Chart 5

Analysis of revenues by type of excise shows divergent trends. Decrease of revenues from excise on oil derivatives of 3.1% was moderated by increase of excise on imported tobacco products and coffee. Such trend may be explained by re-registration of cigarette importers prior to application of new Law on excise in BiH.

Collection of VAT, most important revenue from indirect taxes is in negative zone. However, we can see certain improvements compared to March.

Analysis of the gross VAT structure shows change in favor of VAT that is paid upon submission of declaration. However, this one sided observation of changes in the structure of VAT without analysis of the essence of VAT system in BiH may bring information user into delusion. These two categories of gross VAT do not relate to the same tax period and there is difference between month of taxation and month in which the rest of tax liability is collected in accordance with VAT declaration for previous tax period. Change of series of data on collected VAT<sup>4</sup> provides time adjustment of gross collection of VAT and tax period to which payments refer to.

Adjustment of series shows completely different picture. Instead of a conclusion that gross VAT on imports is decreasing and gross VAT collection from declarations increases, we can see synchronized trend for both types of gross VAT in the end of 2008 and beginning of 2009. Significant divergence comes after that period. Such trends, as it may be concluded from the chart 6, correspond to typical seasonal pattern in the collection of VAT revenues, but decrease of VAT on import in January 2009 was deeper than in previous years.

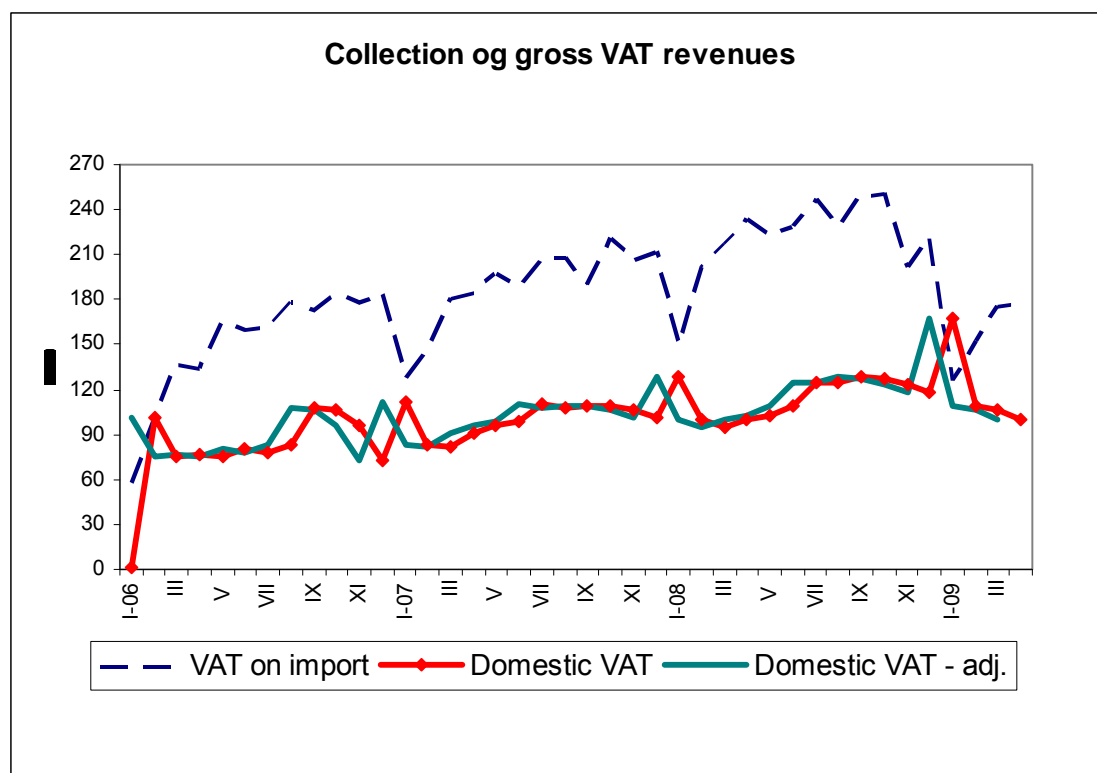


Chart 6

<sup>4</sup> Adjusted series is marked with green color in the Chart 6.

## **Dynamics of imports as well as revenues from excise duties on beer, wine and alcoholic beverages with a focus on the legal framework in both Bosnia and EU**

(prepared by: Aleksandar Eskić, macroeconomist in the Unit)

### **Introduction**

In this issue we analyze a bit of describing the market of beer, wine and alcoholic beverages in our country as well as the importance of the special tax treatment of such products with regard to public revenues. First, we used the quantity and value, as well as the average price of imported beers, wines and alcoholic beverages. This tells us about the tendencies of consumer preferences as well as the trend of available income, which is earmarked for this purpose in Bosnia and Herzegovina, but also the trends of prices of these products in the exporting country. Also, we showed the intensity of trends of revenues from excise duties on these products and by the components, import and domestic excise. Here we want to remind you that the calculation of excise duties is directly related to the amount of beer, wine and alcoholic beverages, and not some of its characteristics or value. That's why we have matching curves which illustrate the trend of the quantity of these products as well as excise duties. In the second part we present the basic contours of domestic legislation in light of upcoming changes to existing regulations governing the excise duties on these products. At the same time we provide the perspective of European Union legislation regarding this matter and the evolution of related regulations of neighboring countries.

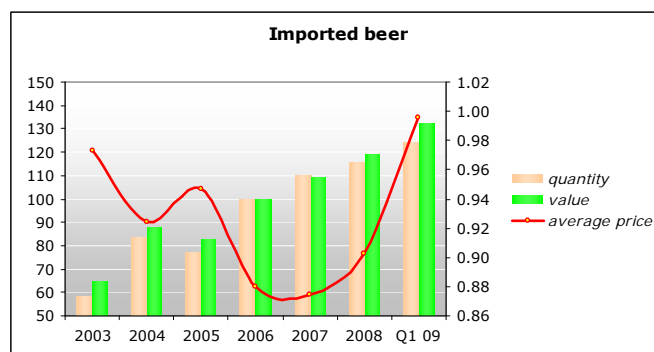
#### *Overview of the dynamics of imported quantity and value of beer<sup>5</sup>*

We clearly see on the chart that the quantity and value of imported beer has doubled in the referent period '03 - '08. In relation to the base year, the quantity has been increasing somewhat faster in 2007 while in the year 2008 we record faster growth of value than quantity.

On the right scale we track the movement of average price of imported beer represented by the red line. Price is moving constantly below 1 KM/kg of imported beer and only in the first quarter of 2009 reaches the limit of 1KM/kg (an increase of 11% compared to the average of the previous year, i.e. 15% compared to 2007). Analyzed period can be divided into two periods, before 2007 the average price decreased and reached its minimum of 0.87 KM/kg, while the recorded growth, first in 2008 and then continues in the first quarter of 2009. We know that the year 2008 is characterized by high inflation, which in our case is generated through higher import prices, but also that the period is significant because of very high growth of net wages in the country. These two variables had an impact on the growth of imported beers as well as its unit price in the referent period 2003 - Q1 2009.

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<sup>5</sup> Used methodology: In the analysis we used the available information for the period from 2003 until Q1 2009 (first quarter). We also opted to use the basic index with base year 2006 in order to better highlight the direction and intensity of observed variables. It is also necessary to emphasize that the comparisons were done in relation to the same period of the previous year (for example, whole year 2008 in relation to the year 2007 and Q1 of 2009 (first quarter) compared to Q1 2008). Presented charts should be seen in light of the methodological limitations, and they only have a full visual sense if you add one more assumption and it follows that the first quarter is representative for the whole year in terms of dynamics and direction of tendencies of the analyzed phenomena.



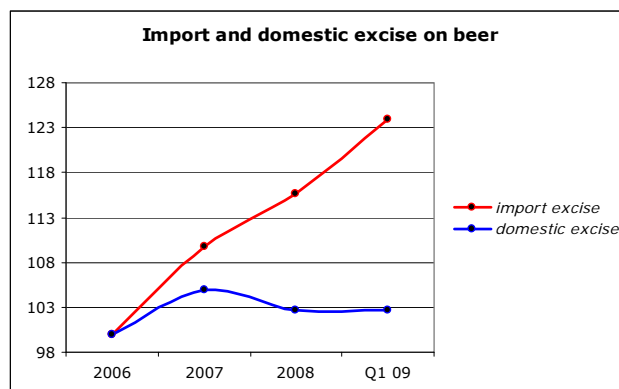
|                      | 2003        | 2004        | 2005        | 2006         | 2007         | 2008         | Q1 09        |
|----------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| <b>quantity</b>      | <b>58.7</b> | <b>83.5</b> | <b>77.0</b> | <b>100.0</b> | <b>109.9</b> | <b>115.6</b> | <b>124.2</b> |
| <b>value</b>         | <b>64.9</b> | <b>87.7</b> | <b>82.9</b> | <b>100.0</b> | <b>109.3</b> | <b>118.7</b> | <b>132.6</b> |
| <b>average price</b> | <b>0.97</b> | <b>0.92</b> | <b>0.95</b> | <b>0.88</b>  | <b>0.87</b>  | <b>0.90</b>  | <b>1.00</b>  |

If we observe only the first quarters of the period `03 `09 we see that there has been enormous growth of imports of beer in 2007 and for about 1/4 more in terms of value and more than 1/3 in terms of quantity compared to the base year. Later year 2008 is characterized by further growth in both quantity and value of imported beer while in 2009 we have significant decrease in terms of quantity and value, both below the previous year level. We draw conclusions that the first quarter is not representative for the whole year, i.e. to explain the seasonal variations that certainly should be taken into account when making conclusions based on the analysis. Actually a notable jump in import of beer during the first and third quarter compared to the base year to the end of 2008 until the first quarter of the current year indicates the gradual reversal of previously showed trend. Again we state that the value of imported beers is growing faster than the quantity with note of the rapid growth the value as well as the quantity of imported beer in the fourth quarter of 2008.

### Trends of imported and domestic excise

From the chart bellow we can conclude that the revenue from excise on beer, analyzed by components, is on a higher level compared to the base year. Although, cumulatively seen, revenues from excise on beer recorded growth during the observed period, the fact slowed growth, 2008 is characteristic in that it comes to continuing the growth rate of imported component as opposed to domestic that changes direction and goes toward the level of year 2006. Since the quantity corresponds with excise duty, we can assume a decline in the market share of domestic manufacturers on, according to final data as from the end of 2008, however, the growing domestic market. Also data for the first quarter of 2009 deserve special attention. Although the excise duty on import in this period was higher for about 24% compared to the same period of the base year, we would like to stress that it is well below the level of the same period of the previous year or even 2007.



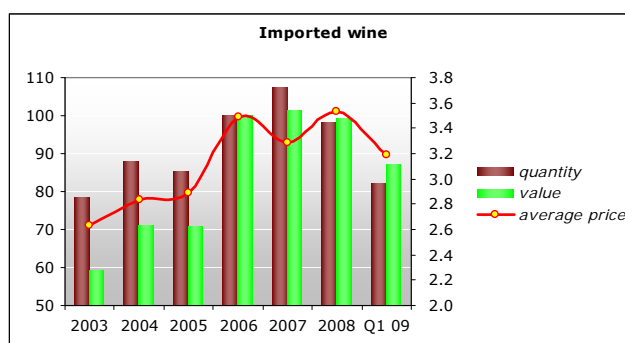


|                        | 2006         | 2007         | 2008         | Q1 09        |
|------------------------|--------------|--------------|--------------|--------------|
| <b>import excise</b>   | <b>100.0</b> | <b>109.8</b> | <b>115.6</b> | <b>123.9</b> |
| <b>domestic excise</b> | <b>100.0</b> | <b>104.9</b> | <b>102.7</b> | <b>102.7</b> |

If we add to those very limited preconditions for export that is highly expressed export barriers for domestic brewers, this indicates the urgent need to remove the existing anomalies that prevent the triumph of domestic manufacturers over foreign competitors. Particularly concerning is the fact of significantly slower decline in the value of imports, if we observe only the first quarters in the period of `06 `09 compared to the quantity. This leads us to the conclusion that there is financially capable demand that is looking for higher quality beer in comparison to the previous period, and at the same time that domestic producers lose the game with their foreign competitors. Also we can conclude that if the current trends continue, expressed in the first quarter, current year will be characterized by decline in consumption of beer - both imported and domestic, which will result in falling related revenue. At the same time, if the tendency of growing average price continues, increase revenue from the VAT can be up to a certain extent mitigate this decline.

#### *Overview of the dynamics of imported quantity and value of wine*

On the chart it is clearly visible that year 2006, in our analysis taken as the base year, represents a break-even point both in terms of quantity and values of imports all we name as wine. Also we see that the value of imported wine shows considerable variability in the referent period as for the quantity is recorded much greater stability. Import of wine reaches its peak during 2007 both in terms of quantity and in terms of value. After, in 2008 we have a fall, both in terms of the quantity and value, on a lower level than in 2006, while the first quarter of 2009 even more strongly emphasizes the continuation of this negative trend, but so that the quantity decreases much faster than the value of imported wines. This is the effect of the joint action of several factors, primarily the increase in price of wine on the markets of countries exporters, but also a shift of domestic demand towards more quality and ultimately costly wines.



|                      | 2003        | 2004        | 2005        | 2006         | 2007         | 2008        | Q1 09       |
|----------------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| <b>quantity</b>      | <b>78.7</b> | <b>87.8</b> | <b>85.5</b> | <b>100.0</b> | <b>107.6</b> | <b>98.2</b> | <b>82.0</b> |
| <b>value</b>         | <b>59.3</b> | <b>71.2</b> | <b>70.6</b> | <b>100.0</b> | <b>101.3</b> | <b>99.1</b> | <b>87.3</b> |
| <b>average price</b> | <b>2.6</b>  | <b>2.8</b>  | <b>2.9</b>  | <b>3.5</b>   | <b>3.3</b>   | <b>3.5</b>  | <b>3.2</b>  |

Seen by the quarters in terms of quantity, we have a situation of very high growth in the first and fourth quarter in 2007, whereas 2008 is characterized with decline during the all three-month periods compared to the previous year, but also in comparison to the base year with the exception of IV quarter. In terms of value of imports of wine, I and IV quarter in 2007 was characterized by a significant jump in value in relation to the previous year as well as the rapid decline in the third quarter. At the same time, in 2008 we have that I and II quarter is at approximately the same level like in the base year, III quarter again lower by about 35% while IV quarter of the ditto above compared to the same period of 2006. This because in the third quarter of the base year was recorded an enormous amount of imported wine so the unit price reaches 5.1 KM (in all other periods does not exceed 3.5 KM) so that everything that is compared with this period has an index below 65.

If we observe quarter I 2009 then we can state the fact that both quantity and value of imported wine are for about 15% below the base year levels, and also below the level of the previous two years. Also we highlight that on the basis of available data we did not notice some kind of proper trend either quarterly over the covered period.

As for the movement of the unit price of imported wine, there is certain tendency of the average price growth for around 18% for the period up to 2006 and then alternating movement of this variable within the interval from 3.2 KM to 3.5 KM, indicating a slight decrease up to 8%. Below we will try to give explanation of the effects of these phenomena on the revenue from excise duties on these products.

#### *Overview of the dynamics of imported quantities and values of alcoholic beverages*

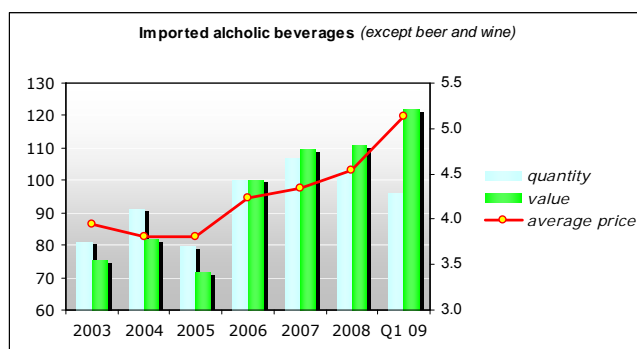
When we talk about the direction and intensity of quantity and value of imported alcoholic beverages, we notice much larger oscillations before 2006, and then we have a modest growth,

but with a negative trend or a trend decline (in particular analyzing 2008 and first quarter of 2009). We point out again, first quarter of 2009 goes in favor of above stated estimate.

Regarding the value of imported alcoholic beverages again we have strong oscillations at a much lower level (20% - 30%) compared to the base year. During 2007, we recorded an increase of almost 10% with significant growth during the second and fourth quarter. In the previous (2008) year we have a modest growth of 1% over the previous year with the enormous increase in the value of imports during the second quarter.

In the first quarter of 2009 there was substantial increase of 22% compared to the basic period, i.e. over 10% compared to the previous year. Apparently we can expect continuation of expressed trend of strong growth in terms of value of import of alcoholic beverages in the II quarter of the current year.

During the observed period the average price constantly grow and in the first quarter reaches 5.1 KM which understands an increase of 20% to 25% compared to the same period of the previous three years. In an effort to explain this phenomenon, we can assess that there has been a shift of financial capable demand towards more quality and more expensive alcoholic beverages while at the same time reducing consumption in terms of quantity.



|                      | 2003        | 2004        | 2005        | 2006         | 2007         | 2008         | Q1 09        |
|----------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| <b>quantity</b>      | <b>80.9</b> | <b>91.0</b> | <b>79.8</b> | <b>100.0</b> | <b>106.9</b> | <b>103.3</b> | <b>95.7</b>  |
| <b>value</b>         | <b>75.2</b> | <b>81.7</b> | <b>71.6</b> | <b>100.0</b> | <b>109.6</b> | <b>110.8</b> | <b>122.0</b> |
| <b>average price</b> | <b>3.9</b>  | <b>3.8</b>  | <b>3.8</b>  | <b>4.2</b>   | <b>4.3</b>   | <b>4.5</b>   | <b>5.1</b>   |

In order to complete the answer on question about the size and structure of the alcoholic beverages market in Bosnia and Herzegovina we will see how structure and direction of revenues from excise on these products looks like. Only then we will be able to draw some conclusions.

### Trends of imported and domestic excise

As the available data do not differ particularly excise duty on wine and especially on alcoholic beverages, it means that our simplified analysis will be accordingly limited. Additionally, the data that we analyzed are related to the period from 2006 to date.

As for the import excise, it has experienced an increase of around 5% in 2007 and maintained at approximately the same level during 2008. The difference is that these revenues in the first half of 2008 were above the level from previous year and vice versa. The first quarter of the current year indicates a certain decrease in revenue. This estimate is in line with trends in terms of quantity of imports of wines and alcoholic beverages as well as policy related excise duty.

What is visible at this moment in terms of the implications of the analyzed size to the total public revenues on this basis, we can say that increasing the average cost of imported alcoholic beverages and the accompanying increase of revenue from VAT on this basis can in some extent mitigate a drop volume of imports and, in this way, less revenue from excise duty on these products.

Reduced amount of consumption of imported wine and alcoholic beverages is likely to influence the reduction of expenditures on the basis of all possible negative consequences of related diseases which are a faithful companion of the consumption of wine and alcoholic beverages (including beer) and concerns the quality of the potential for an increase of wealth and health of a nation.



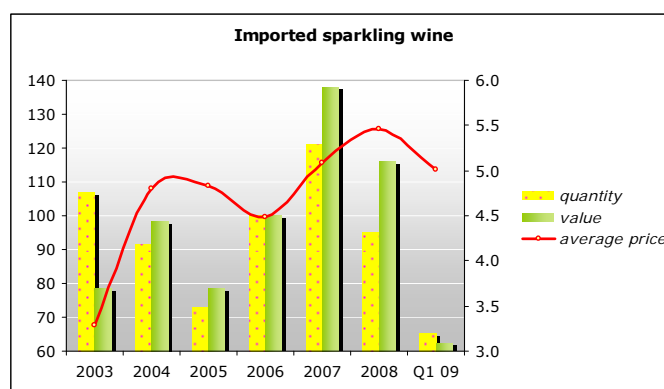
|                        | 2006         | 2007         | 2008         | Q1 09        |
|------------------------|--------------|--------------|--------------|--------------|
| <b>import excise</b>   | <b>100.0</b> | <b>105.2</b> | <b>105.4</b> | <b>102.8</b> |
| <b>domestic excise</b> | <b>100.0</b> | <b>148.2</b> | <b>69.3</b>  | <b>293.4</b> |

Movement of domestic excise duties on wine and alcohol is a true phenomenon. In 2007 during the all four quarters we had enormously increase in comparison with the base year. In 2008 we have a completely opposite trend; rapid decline in these revenues as compared to the previous year and in relation to the base year.

While in the first quarter of 2009 we have a revenue jump of nearly 300% in regard to the base period, i.e. over 200% compared to the other referent, covered by the analysis, period. Only in the first quarter of current year execution of excise duty is 58% compared with the entire previous year.

If we add the fact that the first quarters are historically the weakest in terms of this type of revenue (with the exception of the previous year), we can expect further increase in this type of income, which indicates positive trend in domestic industry, which restores lost share in the domestic market. We highlight that a lot of attention was given to domestic production of wine and locally produced alcoholic beverages recently as manifested in, among other things, adopting a series of regulations that seek to systematically bring some consistency into this area.

Below we will show a mini-analysis of imports of two specific types of goods; sparkling wine and whiskey. As for the imported quantities and values of sparkling wines we have very similar behavior as with categories of wine, which we have stated earlier. In 2007 the imported quantity and value of sparkling wine reaches its peak when the quantity grew by about 20%, while value jumped for about 38%. Only during the next 12 months we have a decrease in both quantity and value for almost 20% but the average price of imported wine increased, and reached its peak just in that year and amounts to 5.5 KM, which represents growth of almost 10% compared to 2007, i.e. growth of over 20% compared to 2006.



|                      | 2003         | 2004        | 2005        | 2006         | 2007         | 2008         | Q1 09       |
|----------------------|--------------|-------------|-------------|--------------|--------------|--------------|-------------|
| <b>quantity</b>      | <b>106.8</b> | <b>91.7</b> | <b>72.6</b> | <b>100.0</b> | <b>121.3</b> | <b>95.2</b>  | <b>65.4</b> |
| <b>value</b>         | <b>78.3</b>  | <b>98.4</b> | <b>78.5</b> | <b>100.0</b> | <b>137.9</b> | <b>115.9</b> | <b>62.2</b> |
| <b>average price</b> | <b>3.3</b>   | <b>4.8</b>  | <b>4.8</b>  | <b>4.5</b>   | <b>5.1</b>   | <b>5.5</b>   | <b>5.0</b>  |

The first quarter of 2009 represents a continuation of negative trend from the previous year, and then, despite the enormous growth of average wages in Bosnia and Herzegovina, we have rapid fall of imported quantities, values and average price of sparkling wine. A particular characteristic is the pronounced decline of value compared to the quantity of over 100% compared to the period of two years ago.

As for the imported quantity and value of whiskey, things are slightly different in comparison to the sparkling wine. Since 2006 we have a continuing decrease in imported quantities of whiskey and at the same time increase of average price. Unit price has been increased by 20% in 2007, 30% in 2008 and 40% in the first quarter of 2009 (compared to base year). While the quantity has reached its maximum in 2006 and since then it recorded constant decrease of 5% in 2007, 25% in 2008 and almost 40% in the first quarter of 2009.

Value, as could be seen from the chart or table, has been oscillating, so we recorded an increase of 10% in 2007, then decrease of 5% in 2008 (which represents decrease of almost 15% presented through chain index, and measured in relation to the previous year), so that in the first quarter of 2009 it returned to the initial level from 2006.



|                      | 2003        | 2004        | 2005        | 2006         | 2007         | 2008        | Q1 09        |
|----------------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|
| <b>quantity</b>      | <b>98,8</b> | <b>84,5</b> | <b>79,7</b> | <b>100,0</b> | <b>94,1</b>  | <b>75,4</b> | <b>61,1</b>  |
| <b>value</b>         | <b>97,4</b> | <b>76,7</b> | <b>78,5</b> | <b>100,0</b> | <b>109,5</b> | <b>95,6</b> | <b>100,1</b> |
| <b>average price</b> | <b>6,2</b>  | <b>5,7</b>  | <b>6,2</b>  | <b>6,3</b>   | <b>7,3</b>   | <b>8,0</b>  | <b>8,7</b>   |

What we want to emphasize, and what we think is very important when talking about the first quarter of the current year, is actually a very strong growth in terms both of the quantity and value of imported whiskey compared to the same periods of the previous two years. We see that the majority of imports occurred after the first quarter and we estimate that the import could reach and overgrow the numbers that relate to the previous two years.

### Overview of the domestic legislation

Still existing Law on excise duties in B&H (Official Gazette 62/04) regulates the method and calculation of excise duties on beer, wine and alcoholic beverages. The existence of the system law, as opposed to some solutions for which each excise good is treated by a special law, has its advantages. However, what is missing in the existing law is the more accurate definition of excise products. However, new law on excise duties in B&H, which is expected to enter into force from 1<sup>st</sup> of July, provides definition of beer, for example, identifying that: `Beer in the sense of this law is considered refreshing, sparkling drink obtained from water, barley malt, yeast, non sugared grains and hops, regardless of the concentration of the extract of malt, or concentration of alcohol in beer`. According to the existing and new legal solutions, it remains that the tax base is defined by quantity and is 0.20 KM/l. If beer is packed in packages larger or smaller than one liter, excise is paid pro rata to the amount of packaging.

Likewise, practice in B&H, as well as in neighboring Croatia, is to tax non-alcoholic beer too, although it is, in most EU countries, excluded from taxation. Taxpayers are all manufacturers and importers of beer in the breweries that produce beer from their own agricultural breeding barley do not pay tax if you produce up to 1500 liters a year. Production, which is greater than that

amount, is subject to taxation. Tax duty is 200.00 KN per hectoliter of produced or imported beer, and 60.00 KN per hectoliter of non-alcoholic beer. Excise duty on beer has almost doubled since the introduction to the present; duty on non-alcoholic beer is 50% higher than at the time of the introduction of this tax. Below we will see to what extent this differs from the currently applicable regulations in the EU.

In accordance with the above, one article of the existing law says that the tax base is defined by quantity for excise products for which excise duty is calculated based on quantity. As in the case of beer, excise duty on wine is paid per liter and is 0.25 KM. While the alcoholic beverage excise duty is calculated per liter of absolute alcohol, and is 15 KM.

During the drafting of new legal solutions, which treats this issue, and relate to the topic of this article, particular principles were followed of which we will present only some of them. The goal was to bring the producers of alcoholic beverages in the same position with the manufacturers of other excise products when treating ethyl-alcohol as raw material. Due to the specifics of this industry that uses ethyl-alcohol as a raw material for production of certain products, in other words to take into account the fact that require relatively long period from the moment the procurement of ethyl alcohol to the production of final product. Also, it was insisted on that a refund of excise for producers who use alcohol for medical purposes should be provided and in determining the reproduction with strict procedures to prevent possible abuses. Also, intention was to actuate the production of brandy from the fruit, because the previous excise duty was discouraging in regard to the competitiveness of domestic producers of brandy.

Law on excises in Serbia provides the annual indexation of excise duty in line with the growth of retail prices (consumer price index). Otherwise, the largest excise duty is paid on alcoholic beverages produced from corn (cereals) and other agricultural products.

Here it is necessary to point at one of the fundamental changes of the existing Law on excises in B&H, and refers to the emergence of obligations for billing and payment of excise duties. Change occurred within the category of alcoholic beverages, which now says that excise duty starts with submitting a request for printing excise stamps, and pay when you pick excise stamps. As for safety precautions, we will wait for several days when we expect that the Law on excise in B&H to be published in the Official Gazette of Bosnia and Herzegovina.

### **Overview of the European legislation**

There are two Council Directives which relate to alcohol and alcoholic beverages, such as 92/83/EEC, which refers to the harmonization of the structure of excise duties on alcohol and alcoholic beverages, and 92/84/EEC, which lays down minimum rates of excise duties and the need for reduction the difference between the different member countries.

European directives say that we should take the number of hectoliters as well as the number of degrees by Plato scale of final product as a basis for calculation of excise duties on beer. It leaves the freedom of the member countries to group beer into different categories depending on the factors that are measured by Plato scale, but also to calculate the same rate of the excise duty on all beer within same categories. Certainly it envisages the possibility of additional exemptions for small, independent producers of beer with the provision that they do not produce more than 200 000 hl of beer annually and that the reduced rate of obligations is not more than 50% of the standard national rate of excise duty on beer. Also, it is mandatory that these conditions apply to other small producers whose production facilities are located outside of the referent of a Member country. Also there is the possibility that Member States determine the reduced rates of excise duties, if the actual proportion of alcohol does not exceed 2.8% vol.



The European Union sets a minimum rate of excise duties that is applied to alcohol and alcoholic beverages from 01.01.1993. In order to improve the flexibility of the system of taxation of alcohol and alcoholic beverages determined by the minimum rate for beer from 0748 EUR per hectoliter/degree Plato per scale, i.e. EUR 1.87 per hectoliter/proportion of alcohol in beer. Every two years it is carried out an audit and possible corrections system from 31.12.1994. According to the Commission's report which is prepared for the Council, European Parliament and the Economic and Social Committee in May 2004 (COM (2004) 223), it is performed analysis of the Community legislation in the sense of excise duty on alcohol and alcoholic beverages, which came into force in early 1993 and since then has not changed.

The Commission analyzed the effects of the existing system related to properly functioning of internal market, competition between different categories of alcoholic beverages induced with different rates of excise duties, the real value of the existing minimum excise duties specified in 1992 as well as the broader goals set by the Treaty of European Union. It is concluded that higher level of convergence between excise duties into force in different member countries is required, in order to reduce distortion in terms of competition and fraud. As there are different opinions of the member countries in terms of the appropriate level of minimum excise duties, and how any change requires a unique decision, the Commission postponed formulation of proposals in this phase. Instead it seeks to stimulate wider debate in the Council, the European Parliament and the European Economic and Social Council.

#### *How is alcohol strength measured?*

Here we will present how to measure strength of alcohol in beer and, therefore, how excise duty is determined. Additional motive is that within a good deal of our public is not well-known which scales are used in the EU, which could become mandatory in our country soon.

Most of the world measures alcohol as a percentage of volume (ABV). In the U.S., alcohol in beer is measured by weight (ABW). Given that alcohol is 20% lighter than water, ABW measure out 20% less than ABV measure for the same amount of alcohol. In Europe, beer strength is measured on the basis of substances that can ferment the malt.

Until recently, the Brits used OG that is 1000 time greater density of malt than density of water. So beer with OG 1040 is 4% denser than water, and the density comes from the sugar. It can be generally take one tenth of the last two figures to estimate the proportion of alcohol after sugars ferment. In the example used, ABV will be approximately 4% ( $40/10 = 4\%$ ). Currently, British beer is taxed on the basis of actual % ABV, but they use OG too so that both are written on beer.

Continental Europe is trying to use the degree of Plato. Generally, the degrees Plato are approximately one quarter the last two digits of the OG. So in our above example, beer will be 10 degrees by Plato scale. To obtain the expected proportion of alcohol, should share with the Plato level of 2.5.

#### Specific density and Plato scale

Specific density solution (SG) is the density (g/ml) measured in relation to water, and is easy to measure by hydrometers or other appropriate instrument. Unfermented beer has a specific density greater than water due to the presence of sugar. Beer has a specific gravity less than unfermented beer because some sugars fermented into alcohol. Breweries may be using Plato scale, rather than the specific density, as a measure of the level of sugar in unfermented and fermented beer. Plato solution is the equivalent weight percentage of sucrose and has dimension (g equivalent sucrose/100 g solution). So that 1% of sucrose solution is equal to the 1% of solution on the Plato



scale. For the same weight of other sugar, Plato solution is still a little different. The connection between the Plato and the specific gravity is nonlinear.

### ***Conclusion***

On above pages we have presented the basic characteristics of the market of wine, beer and alcoholic beverages, as well as revenue on the basis of excise duties on these products. Starting from the fact that the excise duties are prorated on the basis of quantity, but on the basis of data that revenues from excise duties on these goods vary according to the ratio of 2 / 3 imported excise by 1 / 3 domestic excise concludes that import requires greater attention in terms of its analysis structures through the prism of the adjustment and upgrading of local capacity that could replace a portion of the imports. As for the beer, the import excise participate with about 60% (with a positive tendency) of the total excise on beer, while with wine and alcoholic beverages we have a situation that the share of imported excise declined from 75% - 80% to about 63% in the first quarter of 2009.

When we perform the calculation of excise duties on beer, wine and alcoholic drinks as we do so by the existing and new legal solutions, there is the question of ' real ' revenue on this basis. Specifically, such treatment of these goods does not include the effects of changes in the value of domestic currency, i.e., price changes, which affect the devaluation of this kind of revenue over time. Solutions to this problem is should go in direction of direct relating of excise duties to the 'value' component of these products or indexing excise duties, for example, index of consumer prices as the most commonly used indicator of inflation.

In addition, we saw that we have a situation, despite the significant decline of import quantities / total turnover of these excise goods and growth of average prices of these goods. This means additional revenue on the basis of value added tax, which partially or completely mitigate loss of revenues from the excises on these products.

## 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 report: BiH: State, Entities, Brčko Distrikt, Cantons)

1. The consolidated report includes:

- revenues and expenditures of the budget of Bosnia and Herzegovina
- revenues and expenditures of the budget of Brčko District,
- revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
- revenues and expenditures of the budget of the Republika Srpska,
- revenues and expenditures of the budget of 10 cantons in the Federation.

2. Report includes amortization of foreign debt

### Table 3.1, 3.2. and 3.3. (Consolidated report: 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-IV 2009

|   | I            | II           | III          | IV           | Q1            | Q2           | Total         |
|---|--------------|--------------|--------------|--------------|---------------|--------------|---------------|
| <b>1 Current revenues</b>                           | <b>384,6</b> | <b>359,4</b> | <b>402,3</b> | <b>417,9</b> | <b>1146,3</b> | <b>417,9</b> | <b>1564,2</b> |
| 11 Taxes  | 367,0        | 337,2        | 370,4        | 392,8        | 1074,6        | 392,8        | 1467,4        |
| 111 Indirect taxes                                  | 351,7        | 316,9        | 322,8        | 335,6        | 991,4         | 335,6        | 1327,1        |
| VAT   | 254,3        | 209,2        | 191,4        | 213,1        | 654,9         | 213,1        | 868,0         |
| VAT on imports                                      | 126,3        | 151,9        | 174,9        | 177,3        | 453,0         | 177,3        | 630,4         |
| VAT from VAT returns                                | 168,1        | 109,4        | 106,1        | 100,2        | 383,6         | 100,2        | 483,8         |
| VAT from automatic assessment done by ITA           | 0,0          | 0,0          |              | 0,0          | 0,1           | 0,0          | 0,1           |
| One-off VAT payments                                | 0,1          | 0,4          | 0,1          | 0,2          | 0,6           | 0,2          | 0,7           |
| Other   | 2,6          | 1,9          | 2,3          | 1,6          | 6,9           | 1,6          | 8,5           |
| VAT refunds   | -42,8        | -54,4        | -92,0        | -66,3        | -189,2        | -66,3        | -255,5        |
| Custom duties                                       | 22,3         | 27,7         | 33,2         | 32,4         | 83,2          | 32,4         | 115,6         |
| Sales tax   | 0,4          | 0,7          | 0,6          | 1,0          | 1,7           | 1,0          | 2,6           |
| Excises   | 61,7         | 65,4         | 81,8         | 71,5         | 209,0         | 71,5         | 280,4         |
| on imports  | 49,1         | 44,2         | 55,9         | 45,4         | 149,2         | 45,4         | 194,5         |
| on domestic production                              | 12,6         | 21,2         | 25,9         | 26,1         | 59,8          | 26,1         | 85,9          |
| Railroad tax  | 12,0         | 13,3         | 15,4         | 16,7         | 40,7          | 16,7         | 57,4          |
| Other   | 1,0          | 1,1          | 1,3          | 1,4          | 3,4           | 1,4          | 4,8           |
| Other refunds                                       | -0,2         | -0,5         | -0,8         | -0,4         | -1,5          | -0,4         | -1,8          |
| 112 Direct taxes                                    | 15,3         | 20,3         | 47,5         | 57,2         | 83,1          | 57,2         | 140,3         |
| Income taxes  | 7,5          | 9,7          | 35,9         | 45,6         | 53,1          | 45,6         | 98,7          |
| Other tax revenues                                  | 7,8          | 10,6         | 11,6         | 11,6         | 30,1          | 11,6         | 41,6          |
| 12 Non-tax income                                   | 16,0         | 21,9         | 31,5         | 24,9         | 69,4          | 24,9         | 94,3          |
| 13 Other revenues                                   | 0,0          | 0,1          | 0,1          | 0,0          | 0,2           | 0,0          | 0,3           |
| 14 Grants   | 0,7          |              | 0,2          | 0,1          | 0,9           | 0,1          | 1,0           |
| 15 Transfers from other level of government         | 0,8          | 0,2          | 0,2          | 0,1          | 1,2           | 0,1          | 1,3           |
| <b>2 Current expenditures</b>                       | <b>311,6</b> | <b>374,2</b> | <b>396,9</b> | <b>436,6</b> | <b>1082,7</b> | <b>436,6</b> | <b>1519,3</b> |
| 21 Consumption expenditures                         | 56,3         | 80,3         | 82,0         | 87,9         | 218,6         | 87,9         | 306,5         |
| 211 Wages and compensations                         | 53,0         | 72,7         | 72,4         | 72,9         | 198,1         | 72,9         | 271,0         |
| 212 Purchases of goods and services                 | 3,4          | 7,6          | 9,6          | 15,0         | 20,5          | 15,0         | 35,5          |
| 22 Grants, transfers, subsidies                     | 17,4         | 55,4         | 69,6         | 86,9         | 142,4         | 86,9         | 229,4         |
| Transfers to households                             | 14,6         | 43,3         | 58,1         | 57,6         | 116,1         | 57,6         | 173,7         |
| Transfers to organizations/ institutions            | 0,1          | 1,2          | 2,6          | 3,4          | 3,9           | 3,4          | 7,3           |
| Subsidies   | 2,7          | 10,9         | 8,8          | 25,9         | 22,4          | 25,9         | 48,3          |
| 23 Interest payments                                | 0,7          | 9,1          | 13,1         | 2,3          | 22,8          | 2,3          | 25,1          |
| 24 Other expenditure/transfers                      | 1,0          | 20,6         | 21,6         | 23,5         | 43,2          | 23,5         | 66,7          |
| 25 Transfers from Single Account                    | 216,8        | 200,8        | 176,8        | 210,9        | 594,4         | 210,9        | 805,3         |
| o/w : BiH Budget                                    | 52,3         | 60,7         | 62,2         | 62,2         | 175,2         | 62,2         | 237,3         |
| o/w: FBiH / Cantons, Municipalities, Road Fund      | 124,0        | 110,9        | 84,1         | 115,4        | 319,0         | 115,4        | 434,5         |
| o/w: RS / Municipalities, Road Fund                 | 29,8         | 20,0         | 21,3         | 23,5         | 71,1          | 23,5         | 94,6          |
| o/w: Brcko  | 10,6         | 9,2          | 9,2          | 9,8          | 29,1          | 9,8          | 38,8          |
| 27 Transfers to lower levels of government          | 18,7         | 7,5          | 33,6         | 22,7         | 59,8          | 22,7         | 82,5          |
| 28 Net lending*                                     | 0,7          | 0,5          | 0,2          | 2,6          | 1,4           | 2,6          | 3,9           |
| <b>3 Net acquisition of nonfinancial assets</b>     | <b>0,3</b>   | <b>9,7</b>   | <b>10,8</b>  | <b>-92,2</b> | <b>20,9</b>   | <b>-92,2</b> | <b>-71,3</b>  |
| <b>4 Government surplus (+)/ deficit(-) (1-2-3)</b> | <b>72,6</b>  | <b>-24,5</b> | <b>-5,4</b>  | <b>73,4</b>  | <b>42,7</b>   | <b>73,4</b>  | <b>116,1</b>  |
| <b>5 Net financing**</b>                            | <b>-0,63</b> | <b>-0,4</b>  | <b>16,0</b>  | <b>-0,4</b>  | <b>14,9</b>   | <b>-0,4</b>  | <b>14,6</b>   |

Table 1.

**BiH: State, Entities, Brcko District, I-III, 2009**

|           |   | I                  | II                 | III                | Total                |
|-----------|---|--------------------|--------------------|--------------------|----------------------|
| <b>1</b>  | <b>Revenues (11+12+13+14)</b>                 | <b>350.732.178</b> | <b>375.239.708</b> | <b>441.413.020</b> | <b>1.167.384.907</b> |
| <b>11</b> | <b>Taxes</b>                                  | <b>308.578.107</b> | <b>330.617.589</b> | <b>384.724.479</b> | <b>1.023.920.175</b> |
|           | Income and profit tax                         | 10.956.299         | 20.047.247         | 54.556.118         | 85.559.664           |
|           | Taxes on personal income and self employment  | 10.264.301         | 11.785.549         | 12.416.081         | 34.465.932           |
|           | Property tax                                  | 2.616.954          | 2.550.559          | 1.714.915          | 6.882.427            |
|           | Indirect tax revenues *                       | 284.025.227        | 295.039.424        | 315.099.349        | 894.164.000          |
|           | Other taxes                                   | 715.327            | 1.194.809          | 938.016            | 2.848.152            |
| <b>12</b> | <b>Nontax revenues</b>                        | <b>37.355.275</b>  | <b>42.505.857</b>  | <b>55.581.112</b>  | <b>135.442.244</b>   |
| <b>13</b> | <b>Grants</b>                                 | <b>4.775.013</b>   | <b>1.976.770</b>   | <b>1.052.871</b>   | <b>7.804.654</b>     |
| <b>14</b> | <b>Other revenues</b>                         | <b>23.784</b>      | <b>139.492</b>     | <b>54.558</b>      | <b>217.834</b>       |
| <b>2</b>  | <b>Expenditures (21+22+23)</b>                | <b>312.843.809</b> | <b>361.200.768</b> | <b>442.100.130</b> | <b>1.116.144.707</b> |
| <b>21</b> | <b>Current expenditures</b>                   | <b>310.883.630</b> | <b>356.635.544</b> | <b>438.057.575</b> | <b>1.105.576.749</b> |
|           | Wages and compensations                       | 187.854.565        | 211.527.588        | 212.861.699        | 612.243.852          |
|           | Of which: gross wages                         | 162.198.872        | 184.799.189        | 183.661.912        | 530.659.973          |
|           | Of which: compensations                       | 25.655.694         | 26.728.398         | 29.199.787         | 81.583.879           |
|           | Other taxes and contributions                 | 7.759.825          | 10.270.093         | 9.998.244          | 28.028.162           |
|           | Purchases of goods and services               | 23.097.111         | 33.065.802         | 38.022.654         | 94.185.566           |
|           | Grants  | 90.753.576         | 92.597.108         | 164.002.499        | 347.353.184          |
|           | Interest payments                             | 1.418.553          | 9.174.952          | 13.172.480         | 23.765.986           |
| <b>22</b> | <b>Other expenditures</b>                     | <b>1.376.247</b>   | <b>4.127.522</b>   | <b>4.129.946</b>   | <b>9.633.715</b>     |
| <b>23</b> | <b>Net lending*</b>                           | <b>583.932</b>     | <b>437.702</b>     | <b>-87.391</b>     | <b>934.243</b>       |
| <b>3</b>  | <b>Net acquisition of nonfinancial assets</b> | <b>7.419.452</b>   | <b>9.812.920</b>   | <b>13.773.340</b>  | <b>31.005.712</b>    |
| <b>4</b>  | <b>Gov. surplus/deficit (1-2-3)</b>           | <b>30.468.917</b>  | <b>4.226.021</b>   | <b>-14.460.449</b> | <b>20.234.488</b>    |
| <b>5</b>  | <b>Net financing**</b>                        | <b>-1.284.777</b>  | <b>-640.935</b>    | <b>15.551.517</b>  | <b>13.625.805</b>    |

Table 2.

## Tuzla Canton, I-III, 2009

|    |  | I                 | II                | III               | I-III 2009         | I-III 2008         |
|----|--|-------------------|-------------------|-------------------|--------------------|--------------------|
| 1  | <b>Total revenues (11+12+13+14)</b>            | <b>26.181.664</b> | <b>24.772.742</b> | <b>28.867.113</b> | <b>79.821.519</b>  | <b>110.540.730</b> |
| 11 | <b>Taxes</b>                                   | <b>21.759.201</b> | <b>20.805.668</b> | <b>22.558.358</b> | <b>65.123.227</b>  | <b>82.423.485</b>  |
|    | Income and profit tax                          | 732.993           | 1.602.926         | 3.347.463         | 5.683.382          | 3.370.145          |
|    | Taxes on personal income and selfemployment    | 711.690           | 623.954           | 412.907           | 1.748.551          | 10.453.901         |
|    | Property tax                                   | 752.170           | 1.160.215         | 1.164.019         | 3.076.405          | 3.097.521          |
|    | Sales tax (Reg. until 31.12.2005)              | 264.112           | 701.178           | 223.193           | 1.188.483          | 2.026.607          |
|    | Transfer from Single Account                   | 19.293.216        | 16.689.802        | 17.396.025        | 53.379.043         | 63.297.321         |
|    | Other taxes                                    | 5.020             | 27.593            | 14.751            | 47.363             | 177.990            |
| 12 | <b>Non-tax revenues</b>                        | <b>3.903.281</b>  | <b>3.579.106</b>  | <b>5.465.610</b>  | <b>12.947.997</b>  | <b>26.957.771</b>  |
| 13 | <b>Grants</b>                                  | <b>518.246</b>    | <b>356.111</b>    | <b>739.738</b>    | <b>1.614.094</b>   | <b>1.043.795</b>   |
| 14 | <b>Other revenues</b>                          | <b>937</b>        | <b>31.857</b>     | <b>103.407</b>    | <b>136.201</b>     | <b>115.679</b>     |
| 2  | <b>Total expenditures (21+22)</b>              | <b>27.214.898</b> | <b>28.487.519</b> | <b>32.108.662</b> | <b>87.811.078</b>  | <b>85.631.921</b>  |
| 21 | <b>Current expenditures</b>                    | <b>27.249.515</b> | <b>28.529.026</b> | <b>32.160.856</b> | <b>87.939.396</b>  | <b>85.740.547</b>  |
|    | Wages and compensations                        | 18.384.971        | 19.182.338        | 19.619.699        | 57.187.007         | 52.816.410         |
|    | Of which::Gross wages                          | 15.696.450        | 16.047.079        | 16.233.040        | 47.976.569         | 43.627.415         |
|    | Of which: compensations                        | 2.688.521         | 3.135.259         | 3.386.659         | 9.210.439          | 9.188.995          |
|    | Other taxes and contributions                  | 1.786.170         | 1.814.851         | 1.839.691         | 5.440.712          | 5.241.461          |
|    | Purchases of goods and services                | 3.712.549         | 3.213.200         | 5.647.816         | 12.573.564         | 13.380.582         |
|    | Grants   | 2.820.618         | 4.134.321         | 4.740.102         | 11.695.040         | 13.506.737         |
|    | Interests payments                             | 363.922           | 8.579             | 7.292             | 379.793            | 35.585             |
|    | Transfers from lower spending units            | 181.286           | 175.737           | 306.256           | 663.279            | 759.772            |
| 22 | <b>Net lending</b>                             | <b>-34.617</b>    | <b>-41.507</b>    | <b>-52.194</b>    | <b>-128.318</b>    | <b>-108.626</b>    |
| 3  | <b>Net acquisition of non-financial assets</b> | <b>989.569</b>    | <b>915.631</b>    | <b>1.068.883</b>  | <b>2.974.083</b>   | <b>3.751.807</b>   |
| 4  | <b>Gov.surplus(+)/deficit(-)<br/>(1-2-3)</b>   | <b>-2.022.803</b> | <b>-4.630.408</b> | <b>-4.310.432</b> | <b>-10.963.642</b> | <b>21.157.002</b>  |
| 5  | <b>Net financing**</b>                         | <b>-207.723</b>   | <b>-103.876</b>   | <b>-146.593</b>   | <b>-458.192</b>    | <b>-300.678</b>    |

Table 3.1.

## Posavina Canton, I-IV, 2009

|    |  | I                | II                | III              | IV               | Q1                | Q2               | I-IV 2009         | I-IV 2008         |
|----|--|------------------|-------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| 1  | <b>Total revenues (11+12+13+14)</b>            | <b>2.910.075</b> | <b>2.046.434</b>  | <b>2.669.607</b> | <b>3.072.258</b> | <b>7.626.116</b>  | <b>3.072.258</b> | <b>10.698.373</b> | <b>12.880.989</b> |
| 11 | <b>Taxes</b>                                   | <b>2.136.462</b> | <b>1.681.150</b>  | <b>2.059.492</b> | <b>2.541.018</b> | <b>5.877.103</b>  | <b>2.541.018</b> | <b>8.418.121</b>  | <b>10.328.974</b> |
|    | Income and profit tax                          | 102.329          | 113.744           | 349.682          | 184.621          | 565.754           | 184.621          | 750.375           | 405.241           |
|    | Taxes on personal income and selfemployment    | 34.940           | 22.854            | 27.100           | 11.675           | 84.894            | 11.675           | 96.569            | 995.137           |
|    | Property tax                                   | 50.711           | 33.473            | 24.064           | 34.033           | 108.247           | 34.033           | 142.280           | 170.183           |
|    | Sales tax (Reg. until 31.12.2005)              | 75.374           | 22.619            | 43.982           | 584.292          | 141.976           | 584.292          | 726.268           | 149.520           |
|    | Transfer from Single Account                   | 1.855.224        | 1.471.632         | 1.598.384        | 1.721.294        | 4.925.239         | 1.721.294        | 6.646.533         | 8.472.291         |
|    | Other taxes                                    | 17.885           | 16.828            | 16.280           | 5.103            | 50.993            | 5.103            | 56.096            | 136.602           |
| 12 | <b>Non-tax revenues</b>                        | <b>551.256</b>   | <b>365.285</b>    | <b>585.424</b>   | <b>390.720</b>   | <b>1.501.965</b>  | <b>390.720</b>   | <b>1.892.685</b>  | <b>2.198.484</b>  |
| 13 | <b>Grants</b>                                  | <b>222.356</b>   | <b>0</b>          | <b>24.691</b>    | <b>140.520</b>   | <b>247.047</b>    | <b>140.520</b>   | <b>387.567</b>    | <b>201.434</b>    |
| 14 | <b>Other revenues</b>                          | <b>0</b>         | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0</b>         | <b>0</b>          | <b>152.097</b>    |
| 2  | <b>Total expenditures (21+22)</b>              | <b>2.674.705</b> | <b>3.364.393</b>  | <b>2.664.348</b> | <b>2.583.762</b> | <b>8.703.446</b>  | <b>2.583.762</b> | <b>11.287.208</b> | <b>11.387.516</b> |
| 21 | <b>Current expenditures</b>                    | <b>2.674.705</b> | <b>3.364.393</b>  | <b>2.664.348</b> | <b>2.583.762</b> | <b>8.703.446</b>  | <b>2.583.762</b> | <b>11.287.208</b> | <b>11.387.665</b> |
|    | Wages and compensations                        | 1.561.525        | 1.592.563         | 1.598.140        | 1.591.660        | 4.752.227         | 1.591.660        | 6.343.887         | 6.069.521         |
|    | Of which::Gross wages                          | 1.218.577        | 1.238.786         | 1.237.728        | 1.226.675        | 3.695.091         | 1.226.675        | 4.921.765         | 4.636.366         |
|    | Of which: compensations                        | 342.948          | 353.777           | 360.412          | 364.986          | 1.057.136         | 364.986          | 1.422.122         | 1.433.155         |
|    | Other taxes and contributions                  | 140.242          | 141.944           | 142.484          | 141.733          | 424.671           | 141.733          | 566.403           | 560.398           |
|    | Purchases of goods and services                | 633.595          | 675.853           | 672.658          | 498.283          | 1.982.106         | 498.283          | 2.480.389         | 2.955.806         |
|    | Grants   | 322.860          | 952.840           | 248.399          | 352.086          | 1.524.099         | 352.086          | 1.876.185         | 1.780.173         |
|    | Interests payments                             | 16.483           | 1.193             | 2.668            | 0                | 20.344            | 0                | 20.344            | 21.767            |
|    | Transfers from lower spending units            | 0                | 0                 | 0                | 0                | 0                 | 0                | 0                 |                   |
| 22 | <b>Net lending</b>                             | <b>0</b>         | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0</b>         | <b>0</b>          | <b>-149</b>       |
| 3  | <b>Net acquisition of non-financial assets</b> | <b>338.356</b>   | <b>293.344</b>    | <b>78.138</b>    | <b>24.134</b>    | <b>709.837</b>    | <b>24.134</b>    | <b>733.971</b>    | <b>317.629</b>    |
| 4  | <b>Gov.surplus(+)/deficit(-)<br/>(1-2-3)</b>   | <b>-102.986</b>  | <b>-1.611.302</b> | <b>-72.880</b>   | <b>464.361</b>   | <b>-1.787.168</b> | <b>464.361</b>   | <b>-1.322.806</b> | <b>1.175.844</b>  |
| 5  | <b>Net financing**</b>                         | <b>0</b>         | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0</b>         | <b>0</b>          | <b>-7.886</b>     |

Table 3.2.

**Zenica-Doboj Canton, I-IV, 2009**

|  | I                 | II                 | III               | I-III 2009         | I-III 2008        |
|--|-------------------|--------------------|-------------------|--------------------|-------------------|
| <b>1 Total revenues (11+12+13+14)</b>            | <b>20.816.677</b> | <b>20.363.834</b>  | <b>20.982.593</b> | <b>62.163.104</b>  | <b>78.258.998</b> |
| <b>11 Taxes</b>                                  | <b>17.052.787</b> | <b>16.542.071</b>  | <b>17.196.004</b> | <b>50.790.861</b>  | <b>63.137.913</b> |
| Income and profit tax                            | 554.385           | 1.523.270          | 2.176.917         | 4.254.572          | 2.569.631         |
| Taxes on personal income and self-employment     | 521.631           | 168.959            | 107.233           | 797.822            | 7.502.685         |
| Property tax                                     | 872.644           | 734.738            | 790.554           | 2.397.936          | 2.162.324         |
| Sales tax (Reg. until 31.12.2005)                | 234.166           | 105.186            | 219.242           | 558.594            | 2.312.255         |
| Transfer from Single Account                     | 14.861.178        | 13.996.097         | 13.852.230        | 42.709.505         | 48.293.181        |
| Other taxes                                      | 8.783             | 13.822             | 49.828            | 72.433             | 297.837           |
| <b>12 Non-tax revenues</b>                       | <b>3.255.165</b>  | <b>3.578.991</b>   | <b>3.502.887</b>  | <b>10.337.043</b>  | <b>13.098.488</b> |
| <b>13 Grants</b>                                 | <b>493.031</b>    | <b>241.123</b>     | <b>282.163</b>    | <b>1.016.316</b>   | <b>1.862.517</b>  |
| <b>14 Other revenues</b>                         | <b>15.694</b>     | <b>1.650</b>       | <b>1.540</b>      | <b>18.884</b>      | <b>160.080</b>    |
| <b>2 Total expenditures (21+22)</b>              | <b>9.770.281</b>  | <b>39.052.213</b>  | <b>28.806.933</b> | <b>77.629.426</b>  | <b>69.948.413</b> |
| <b>21 Current expenditures</b>                   | <b>9.772.781</b>  | <b>39.046.513</b>  | <b>28.806.933</b> | <b>77.626.226</b>  | <b>69.948.413</b> |
| Wages and compensations                          | 3.061.103         | 23.024.094         | 14.185.785        | 40.270.982         | 37.117.078        |
| Of which::Gross wages                            | 1.004.949         | 20.716.661         | 11.725.407        | 33.447.017         | 29.963.606        |
| Of which: compensations                          | 2.056.155         | 2.307.432          | 2.460.378         | 6.823.965          | 7.153.472         |
| Other taxes and contributions                    | 106.007           | 2.348.109          | 1.320.286         | 3.774.401          | 3.570.713         |
| Purchases of goods and services                  | 2.870.311         | 4.117.372          | 5.023.468         | 12.011.150         | 12.806.292        |
| Grants   | 3.601.766         | 9.354.884          | 7.873.465         | 20.830.115         | 15.806.292        |
| Interests payments                               | 75.934            | 3.153              | 149               | 79.236             | 105.277           |
| Transfers from lower spending units              | 57.660            | 198.902            | 403.780           | 660.342            | 542.761           |
| <b>22 Net lending</b>                            | <b>-2.500</b>     | <b>5.700</b>       | <b>0</b>          | <b>3.200</b>       |                   |
| <b>3 Net acquisition of non-financial assets</b> | <b>1.997.185</b>  | <b>982.167</b>     | <b>888.566</b>    | <b>3.867.918</b>   | <b>5.080.494</b>  |
| <b>Gov.surplus(+)/deficit(-)<br/>(1-2-3)</b>     | <b>9.049.211</b>  | <b>-19.670.546</b> | <b>-8.712.905</b> | <b>-19.334.240</b> | <b>3.230.091</b>  |
| <b>5 Net financing**</b>                         | <b>-140.051</b>   | <b>0</b>           | <b>0</b>          | <b>-140.051</b>    | <b>-184.051</b>   |

Table 3.3.