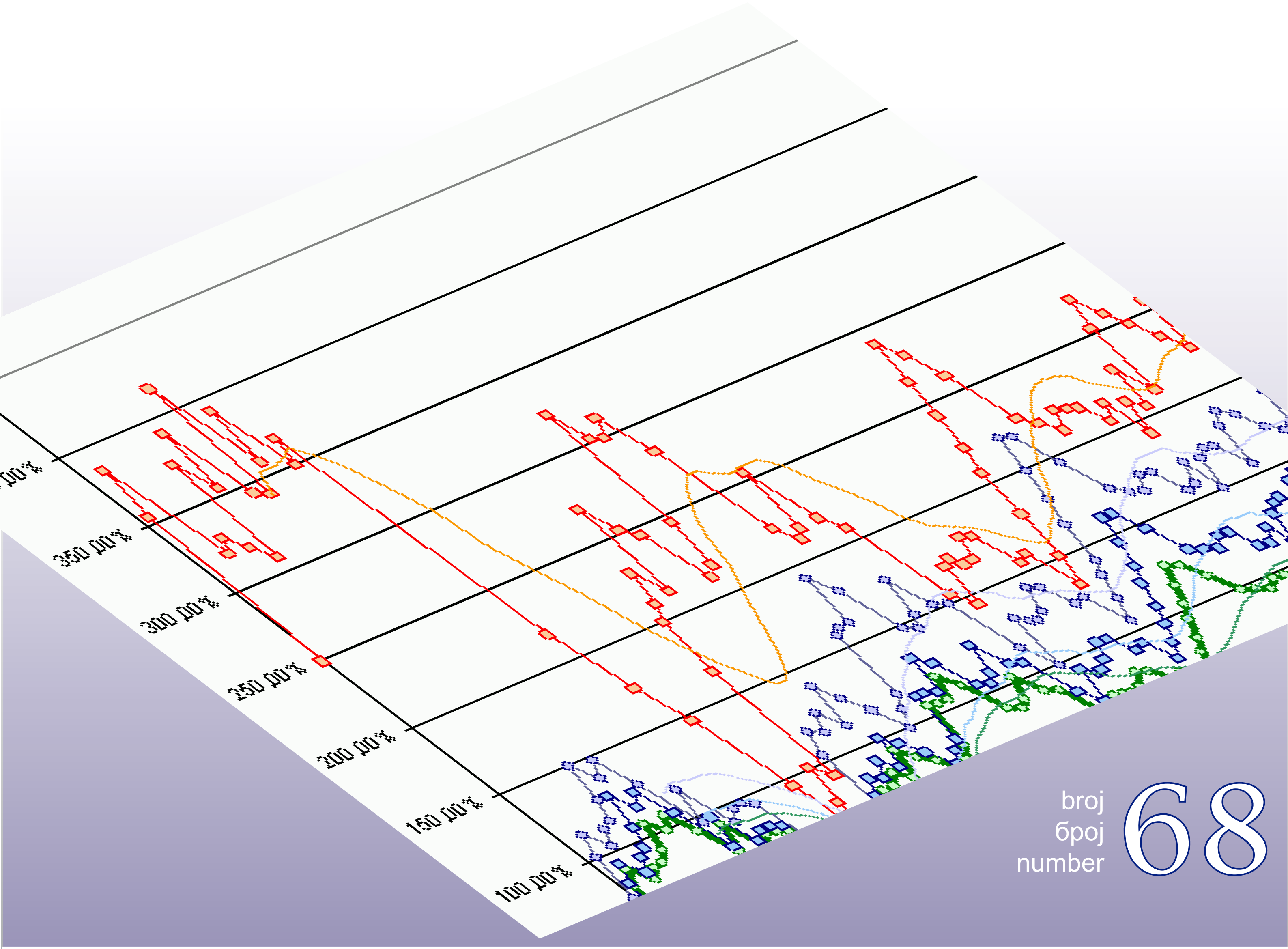
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-neizravno oporezivanje

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

Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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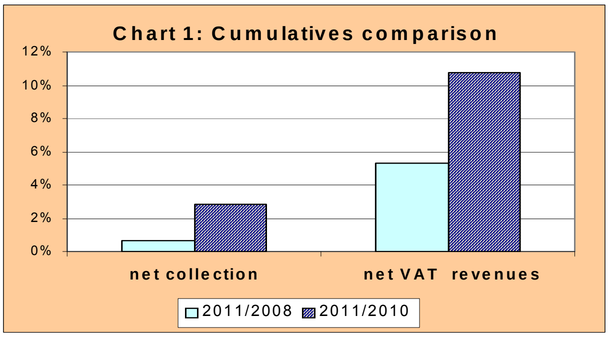
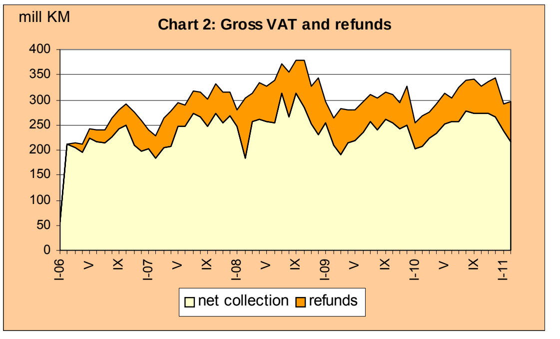
With this issue

According to preliminary ITA report, growth of revenues from indirect taxes in the first two months of 2011 was 3,28%. Although, for the first time since the beginning of the crisis net collection of the revenues from indirect taxes and net VAT revenues within a two month period exceeded the amounts collected in the same period of 2008, it is necessary to remain cautious when drawing conclusions, because of the short observation period of two months (Chart 1).





VAT revenue growth is mostly related to import component, as the result of world trade price growth. The growth rate of VAT revenues is reduced by the increase of VAT refunds in February (Chart 2). The growth of revenues from excises on domestic tobacco and imported oil derivates is recorded, while the other categories of excises recorded decline in collection. A gradual recovery of tobacco market is expected in the forthcoming period, because it can be assumed that the withdrawal of small quantities of stamps in the first two months of 2011 have been compensated by the excessive supply of cigarettes at the end of 2010.

We are pleased to publish in this number a review prepared by the expert from the Foreign Trade Chamber of B&H on the current developments in the economy of B&H. In addition, this issue also contains an analysis of measures and effects of current policies of standard VAT rates in EU member states, which could be useful to define possible changes of the VAT rates in B&H.

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B&H economy in 2010 and expectations for 2011

(author: Igor Gavran, Macroeconomic sector project-manager, Foreign Trade Chamber of B&H)

INTRODUCTION

End of recessions in most of the countries to which Bosnia and Herzegovina is exporting its products and services, has brought some positive trends in our economy by the end of 2009, same trend was continued in 2010 and expected to be continued in 2011. Unfortunately, positive trends are recorded only within several macroeconomic indicators and sectors, while overall economy is far from the actual recovery.

FOREIGN TRADE EXCHANGE TRENDS

The only really respectable positive shift has been realized in foreign trade exchange, where the trend of significant increases in exports, slight increases in imports and consequent reduction in the deficit and increase in the level of coverage of imports by exports, has been continued. These results, expressed in value, are consequence of global increase in prices of our main export products, although export has also increased in quantity and has recorded improvement in its structure and penetration to the previously ignored market. Confirmation to the real increase in export is an increase in industrial production, even though percentage is much more modest.

So in 2010 export from Bosnia and Herzegovina amounted 7.293.816.190 KM, which is by 1.659.397.938 KM, i.e. for 29,45 %, more compared to the previous year. In the same period import amounted 13.329.449.515 KM, which is by 1.297.321.257 KM, or 10,78 %, more compared to the previous year. Due to this results, coverage of import by export has been increased by 16,85 %, i.e. for this period it was 54,72 %. Total trade deficit in this period has been significantly decreased and it amounted 6.035.633.325 KM, which is by 362.076.681 KM, or 5,66 %, less compared to the previous year. It is important to emphasize that significantly lower deficit has been recorded in 2002, when coverage of import by export was halved and export value was a quarter of the one recorded in previous year.

Several CEFTA 2006 members (primarily neighbouring countries) and EU countries remained the most important trade partners of Bosnia and Herzegovina in 2010, but there has been a change of structure and order in the leading countries. By group of countries, our most significant partner is continuously European Union (54,6 % export and 50 % import), with an increase of share in previous years, while Croatia (14,98 % export and 18,81 % import), Germany (15,36 % export and 8,98 % import), Serbia (12,68 % export and 12,21 % import), Italy (11,88 % export and 7,77 % import) and Slovenia (8,47 % export and 9,65 % import) are individually stood out. It is an encouraging fact that the share of other countries in our trade exchange structure has increased, especially export, but still insufficient compared to the leading markets.

In the structure of trade realized in 2010, analysed by sectors of economy, improvement has been noticed in most of the sectors, whereas the improvement was more significant on the export side rather than import. Export increased mostly in sectors „Ores, metals and products"(51,51 %), „Mineral fuels…" (46,44 %) and „Chemical and pharmaceutical products, fertilizers, plastics and rubber" (38,29 %), and decreased in sectors „Stone, lime, cement, concrete, ceramics and products" (16,21 %). At the same time import increased in sectors „Mineral fuels…" (39,23 %), „Leather, hides, textile and products" (15,11 %) and „Ores, metals and products" (14,59 %), and decreased in sectors „Stone, lime, cement, concrete, ceramics and products" (3,57 %) and „Machinery, mechanical appliances, boilers etc" (0,37 %).

The most significant export was realized in sectors „Ores, metals and products…" (1.676.551.391 KM), „Wood, paper and furniture"(1.301.888.357 KM), „Mineral fuels…" (1.111.012.538 KM) and

„Machinery, mechanical appliances, boilers etc"(1.021.262.486 KM), and import in sectors „Machinery, mechanical appliances, boilers etc"(2.634.004.913 KM), „Mineral fuels..."(2.623.814.597 KM) and „Agro industrial sector"(2.467.210.344 KM).
Although there has been certain improvements in most of the sectors, noticeable problem is that positive coverage of import by export has been recorded only in sectors „Wood, paper and furniture"(180,92 %) and „Ores, metals and products..." (135,9 %), while in other sector coverage was negative and rated between 69,04 % in „Leather, hides, textile and products" sector to improved, but yet minimal 22,86 % in „Agro industrial sector".

Significant improvements in foreign trade volume and structure recorded in 2010 are indicating an actual potential our leading exporters would have in more favourable terms, and that is to seize opportunities and to do successful and competitive business even on the most challenging markets. Unfortunately, similar improvements in terms of doing business on domestic market are still nonexistent, therefore large part of our economy still feels no signs of recovery from recession, causing overall industrial production growth rates stay symbolic, and unemployment rate even higher. No matter how capable and successful they are, exporters themselves cannot „save"domestic economy.

Confirmation to that conclusion is a devastating image of foreign trade exchange of Bosnia and Herzegovina as of 2000 to present moment whereas catastrophic deficit of 70 billions was realized. Although situation today is much favourable, and results for January appear impressive, it is clear that foreign trade exchange balanced at this pace will not exist for a long period of time, and pre-war surplus measured in hundreds of millions seems like a dream. Trends are positive, but they come down to a very small number of successful businesses and exporters, and they are far from enough to make a substantial change of this gloomy image.

Year	Export (KM)	Import (KM)	Balance (KM)	Export / Import
2000.	1.969.681.739	7.114.153.727	– 5.144.471.988	27,69 %
2001.	1.806.725.168	6.563.598.625	– 4.756.873.457	27,53 %
2002.	1.888.321.331	6.881.310.766	– 4.992.989.435	27,44 %
2003.	2.313.211.156	8.275.149.103	– 5.961.937.947	27,95 %
2004.	2.994.219.301	9.371.258.081	– 6.377.038.780	31,95 %
2005.	3.826.313.380	11.079.915.570	– 7.253.602.190	34,53 %
2006.	5.271.043.362	11.234.503.500	– 5.963.460.138	46,92 %
2007.	6.080.080.708	13.625.121.000	– 7.545.040.292	44,62 %
2008.	6.847.321.546	15.932.566.485	– 9.085.244.939	42,98 %
2009.	5.634.418.252	12.032.128.258	– 6.397.710.006	46,83 %
2010.	7.293.816.190	13.329.449.515	– 6.035.633.325	54,72 %
I 2011.	626.945.567	931.412.150	– 304.466.583	67,31 %
TOTAL	**46.552.097.700**	**116.370.566.780**	**– 69.818.469.080**	**39,78 %**

SECTORAL ANALYSIS

Although it would be a reasonable thing to expect, increase in growth of **industrial production** and export did not result in increase of employment rate, but rather, after several months of stagnation, in additional increase in number of unemployed, so that number now reaches 530 thousands. Considering that in the same period, there were no notable technological improvements in our economy, it is clear that maintaining or reducing the scope of previous employment does not mean replacement of workforce with technology, but it is a result of a combination of increased exploitation of the existing workforce and the high percentage of unregistered employment.

Despite the announcement of the arrival of large investors, a continuous decline in foreign direct investment is recorded. If we exclude only a few specific leading foreign investments in the past, it is evident that there is no change in this situation and that Bosnia and Herzegovina is a constant unattractive environment for foreign capital. The question is whether these devastating indicators in 2010 are 'the bottom' in this segment or the decrease will continue and the value of investment will become negligible. In any case, this image is not only a consequence of a global recession but much more of internal opportunities, i.e. extremely unfavourable business environment, in which investment incentives are reduced mainly to the fund for assistance to foreign investors, whose effectiveness and usefulness for the development of the domestic economy is questionable, especially because domestic investors are put at a disadvantage.

Considering that there is no significant investment announcement, except for several infrastructural projects financed by the international financial institutions, and that privatization of strategic companies in the Federation is still uncertain, there is no basis for excessive optimism and expectation of appreciable improvement in this respect. As in the case of export, contribution to the possible increase of foreign investment value is expected by the only few existing successful businesses, without new, and especially without „Greenfield" investment.

The most affected sector in global recession was our strongest export sector - **metal industry**, due to the global decrease in demand and ores and metals prices (iron, steel, aluminium, copper, zinc etc) and auto-parts (global automobile industry crisis). Decrease in reduction in the production of our leading exporters (Arcelor Mittal Zenica, Aluminij Mostar, Arcelor Mittal Prijedor, ASA Prevent, Birač Zvornik, TMD Gradačac, Cimos Zenica etc.) generated the largest part of the overall reduction in export in 2008 and 2009. Equal effects, but positive, were given by their renewal of production, i.e. approaching, reaching and even exceeding the pre-recession volume. This sector is once again proving to be the bearer of our development and the positive trend continues, with announcements of new business arrangements and cooperation in the region (e.g. in the auto industry).

Great problems in **construction and building materials industry** are not resolved, because the credit crisis has almost stopped financing the construction in the beginning of the recession, but its effect continues in the form of difficult credit conditions, a drastic reduction in demand and decrease in property prices, and consequently in the demand for construction services and materials. In addition to layoffs in this sector in Bosnia and Herzegovina, to the deterioration of the situation contributed also the release of our workers abroad, primarily in European Union and Croatia, and currently perhaps the most difficult situation is in Slovenia, where the leading construction companies one after another declare insolvency. A specific problem in construction is a constant and a large proportion of unregistered workers in total employment, so many layoffs are not statistically recorded, which gives us an unrealistic image of overall situation.

Especially hard impact to construction, but also to other economic sectors, was caused by a crisis in Libya, i.e. suspension of the implementation of many projects of our company in this market. Previous damages are still recoverable, but if the current state eventually continues on a long term, it could have unforeseeable consequences. Many of our companies have overcome a low participation on domestic market due to dominance of international consortiums on the realization of strategic projects with engagement in Libya, so that finding any alternative market in the short term is impossible, but also in the longer term is questionable. Therefore, the further development of the situation in Libya and possible changes in the relations of authorities to local builders in Bosnia and Herzegovina will have an effect on the prospects of this sector in 2011.

The energy sector is faced with a significant drop in demand caused by the decrease of production volume of large industrial consumers on domestic and foreign markets, as well as suspended or delayed realization of announced ambitious plans for investment in new production capacity**.** Weakening of the recession on our export markets has improved disposal of electricity in exports, but prices are still considerably lower than before the recession. By continuously increasing the production and export of Oil Refinery Bosanski Brod and Oil Refinery Modriča, and further increase of the share of domestic derivatives on the market and the proportionate reduction in imports, this, previously only import segment of the energy sector, is increasingly turning into one of the leading industries in Bosnia and Herzegovina. The implementation of the announced investments in achieving the highest standards of quality of final products could soon transform Bosnia and Herzegovina into a regional leader in this field.

Agriculture and food processing industry is the sector which is turned into one of the most profitable sector in the world by the continuous price growth, but in Bosnia and Herzegovina, unfortunately, the profit is mainly realized by foreign traders and importers of final products, while local producers are faced with a numerous of systemic problems and unfair foreign competition. Increase of government incentives to primary agricultural production and stimulation to investments in this area would provide domestic producers with the possibility to eventually exploit the crisis in recession in which their foreign competitors found themselves as well and increase their share on domestic market, without which is unrealistic to expect the export expansion. These positive developments exist in practice, and the trend of increasing export of our agro-industrial sector is constant for years, as well as the increase of share on the domestic market, even in some foreign-owned supermarket chains[1] . It is important to stress that these positive trends in agricultural sector are not the result of any system support by local authorities, but only the result of independent action of farmers and businesses, with strong support of cooperative alliances and international projects. Positive trends could be additionally improved and continued in this year if at least some of the barriers to our exports of these types of products would be removed and equality of domestic and foreign products on the market of Bosnia and Herzegovina would be provided in 2011. The global trend of increasing food prices could out of the problem turn into a solution with an increase of our production and export. Stagnation and further import dependency would mean rapid multiplication of this problem and all more serious consequences.

Wood industry and furniture in Bosnia and Herzegovina, so as the rest of the economy, have suffered serious consequences of recession that could be felt even today. Still, some of the domestic producers in the previous period, especially in 2010, have managed to restore the upward trend of business and even win new markets. So, after a long hiatus, the domestic furniture industry has again ambitious plans in the U.S. market, where some companies are starting to export, and in the market of Great Britain, Norway, etc. Especially significant progress was made in the design, which is confirmed by a prestigious international awards for innovative design awarded to two local companies. Besides the metal sector, wood and furniture industry is certainly the brightest point of the domestic economy from which we can expect further development and progress in the 2011.

Textiles, leather and footwear industry, which operates continuously on the verge of profitability, has faced the recession with increased liquidity problems, because even a slight increase in interest rates on debt of manufacturers in this sector is dramatically reflected in their business. At the same time the volume of orders from abroad has been reduced drastically and a further problem was the change in customs treatment of lohn-operations, by which the costs of our exporters in these arrangements were unbearably magnified. Harmonization of tariff burden with the European Union help to largely overcome this problem, and in the Republic of Srpska special incentives of 50 KM per employed worker, paid-off until 2010, further helped the survival in the recession. The recovery in our

[1] Current actions of "Mercator BH" are praiseworthy because in cooperation between the Cooperative Union of Federation BiH and USAID Farm they implement the activity called "Naša bašta" within which authentic local products - fruits and vegetables of our members were sold. Activity within which the domestic products were offered under favorable conditions to pensioners has been realized previously.

export markets for this sector was also crucial, so significant increase in exports was recorded, particularly in the European Union, and some manufacturers even recorded new investments, expansion of production and record results. Continuation of this trend is certain, but also the continuation of imbalance between extraordinary production and export performance and profitability, i.e. real financial effects for producers and employees

In the **tourism industry** after a disastrous winter season there have been significant improvements early this year. In any case, it is a positive trend, although we are still far from the utilization of the resources we have and investment and systematic support to tourism are mostly in the area of nice wishes and hopes. Of course, without creating conditions for sustainable tourism development, this improvements could remain only "incident‟, due to nonexistent substantial changes to improve conditions for tourism development. Unfavourable weather conditions and the failure of the winter season, which is drawing to a close, worsened the situation, but there is still room for positive trends in 2011, although more as a positive surprise, rather than a result of a systematic approach to tourism development.

The financial sector in Bosnia and Herzegovina so severe effects of a recession as in other countries were not felt, nevertheless the domestic banks multiplied the recession hit to the rest of the economy by increasing interest rates on loans and tightening the conditions for its release. The consequence of this "more expensive" capital worsened the liquidity and solvency of other businesses, and contributed to the general trend of increasing prices of goods and services. Although in the initial phase these phenomena were primarily a result of real global trends, they soon turned into severe abuse and conscious excessiveness in order to achieve extra-profits and cover their own business mistakes. A particular problem for the domestic economy is the dominance of banks owned by large foreign banking groups, of which could be expected in all markets a full commitment to the interests of the corporation and the parent bank, and just possibly boost to the development of local economy. Therefore, there is always the danger of accumulation and retention of free funds in function of its own reserves and the reserves for eventual needs of grouping, instead of crediting the economy.

Unreasonably high interest rates are the best example of such abuse of dominant position, even though necessary economic conditions for their significant reduction were fulfilled long ago. Although in 2010 there were no further increase, but mostly mild reduction in interest rates, conditions for financing the economy remained very unfavourable and do not provide any viable survival, not to mention the further development of most subjects. Certain reductions of interest rates on housing loans recorded in early 2011 are insufficient to revive the property market and construction industry, but are an encouraging indication that the banks have the space for the placement of soft loan funds, and that some concessions could be offered to the economy. Possible improvements to the conditions of financing of the economy in 2011 would also mean certain improvements in financial and in real sectors.

Neither **the other sectors** were spared by the negative effects of global recession, but they were somewhat milder and mostly a result of the overall slowdown in economic growth and decrease in living standards of the population. Thus, the recovery in these sectors is lighter or still in stagnation, since there is no improvement of living standards, but on the contrary it is furthermore deteriorated by the current inflationary trends.

CONCLUSION

The encouraging results of some sectors, especially the leading export companies, can not ensure the recovery of the overall economy and further development will depend largely on the economic policy and concrete measures to support the new government structure. **Substantial improvement of business conditions is the only possible solution that provides the Bosnian economy and citizens with successful 2011.**

Crisis implications on policy of standard VAT rates in EU

(Author: PhD Dinka Antic)

INTRODUCTION

Global economic crisis has significantly changed the structure of tax revenues in the EU and trends in taxation[2]. Decline of economic activities and increase of unemployment in 2009 caused a sharp decline of revenues from direct taxes, further reducing their progression, while the drop in consumption led to a large decline of revenues from indirect taxes (VAT, excise). Depending on their fiscal position, EU Member States have tried to mitigate negative effects of the global economic crisis by autonomous tax measures, to consolidate public finances and boost economic activity. According to horizon in which effects are expected, undertaken measures can be classified in short-term measures for consolidation of public finances and tax reforms[3]. Short-term tax measures are mainly related to changes in tax rates while tax reforms include introduction or reduction of tax scales and other measures to narrow or broaden the tax base. In general, autonomous tax measures adopted by the Member States in the past two years are extremely divergent

The previous issue of the bulletin provides the analysis of effects of the global economic crisis on the tax structure in the EU and measures adopted by the Member States in the sphere of taxation are listed there as well. In this issue, analysis of tax measures of the EU members is focused on the implications of changes in VAT rates on the EU tax structure. This analysis is also important for the VAT policy in B&H, especially in the light of initiatives for the introduction of differentiated VAT rates.

MEASURES IN VAT RATES SYSTEM

In the sphere of indirect taxes, most of the Member States opted to increase the consumption tax (VAT, excise) considering that the yield of these taxes would in the short term lead to rapid revenue growth. In the area of VAT the Member States have undertaken many autonomous measures which have resulted in increasing the tax burden.

Two major groups of measures are:

i. increasing standard VAT rates
ii. tax base broadening.

Given the existence of a common VAT system in the EU, Member States had to harmonize the anti-crisis measures in national VAT systems with the provisions and certain limits imposed by the legal framework for VAT taxation in the EU (Directive 2006/112/EC). Provisions of Directive define following standards for VAT rates:

- minimal standard VAT rate of 15%
- minimal reduced VAT rate of 5%
- number of reduced VAT rates
- conditions and limitations for introducing reduced rates.

In terms of tax base, exemptions in VAT system are precisely defined by the Directive as well as the extent of goods and services that are allowed to apply reduced VAT rates and arrangement conditions which include the application of reduced rates on locally provided services which provide high added value.

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[2] More on trends in taxation and evolution of tax structure in the EU in period of 1998-2009: Antic D., 'Post-Crisis Tax Strategy of the EU and Lessons for B&H', Scientific Conference "Crisis as a challenge for designing new strategies and policies", Faculty of Economics, Banja Luka February 10, 2011., published in Acta Economica No. 14/2011, p. 210-232.

[3] European Commission, Taxation trends in the European Union, 2010 Edition, EUROSTAT, 2010. p. 17-29.

EVOLUTION OF STANDARD VAT RATE POLICY IN THE EU MEMBER STATES

In the initial stage of the crisis development a number of Member States are opted for measures in the VAT system that should help companies to maintain their operations, to be liquid in order to regularly pay VAT. Measures were related to shortening time limits for VAT refunds or prolonging deadlines for payment obligations. Thus, at the end of 2008 and at the beginning of 2009 only three Member States decided to increase the standard rate and two reduced the rate. As the crisis was gaining strength and width, the members found themselves in ever-increasing fiscal bad depth which tried to close the increase of the standard VAT rate. During 2010 ten members increased the standard rate and only one reduced it. As of January 1, 2011 six members have increased the standard rate. Comparing with the situation before the crisis, it can be concluded that 13 members increased the standard rates in the last two or three years, but some of them increased the rates on several occasions. This divergent behaviour of the Member States point to several facts:
- that the response of many members to global economic crisis was unorganized;
- that in most Member States there is no consistent national VAT policy as an instrument of fiscal policy;
- that drafting the measures in VAT system in Member States was not preceded by the realistic assessment of possible effects;
- that autonomous national policies of VAT threaten the establishment of uniform system of VAT in the EU.

Uncontrolled approach: cases of Portugal, Ireland and Great Britain

Both cases of reducing VAT rates from 2008/2009 are interesting. In 2009, Portugal reduced standard rate. Then in 2010 it returned the old rate and in 2011 additionally increased the rate for two percentage points. Ireland reduced VAT standard rate for 0.5 percentage points at the beginning of 2010. However, over the next two years, under the pressure from the huge fiscal deficit, Ireland is planning to increase standard rate for 1 percentage point per year.

The case of Great Britain is also interesting because in its case previous ideas about traders' behaviour during the change of VAT rates are confirmed. Case of Great Britain is also indicative for assessments of introduction of differentiated rates in B&H given the lack of experience in this area and relatively short period of application of VAT in B&H. Note that in analyzing experiences of Britain one should limit to trends and consequences of policies, without discussing the assessment of rate level. It is necessary to take into account huge differences in the level of economy development between B&H and Great Britain as well as different tax structure. In B&H tax structure, the consumption taxation dominates while taxation of income, profits and capital dominate in tax structure of developed countries, such as Great Britain. Considering this fact B&H should be more sensitive to VAT policy changes. However, the case of Great Britain showed that developed countries are also vulnerable to VAT policy changes.

During the introduction of VAT (1/4/1973) Great Britain started with a low VAT rate. However, very soon after the introduction of lower VAT rate of 8%, standard rate was for a while turned into a higher rate of 25% in order to maintain income level. The elimination of higher and lower rate in the period of 1979-1994 was compensated by a lower standard rate, at first by minimal of 15% and then from 1991 by moderate rate of 17,5. The reintroduction of a lower rate of 8%, then its reduction to 5% in 1997, which was held until today, has led to an erosion of revenues from VAT, growth of frauds and loss of income. According to a study of European Commission from 2009, estimated losses of VAT in the period 2000-2006 in Britain amounted to 17% of theoretical VAT base in Britain. They could be partly attributed to the system of differentiated rates since the system with multiple rates is more open to frauds than the system with a single VAT rate.

Problems with the operation of the VAT system in Great Britain are also the problems of the Union, given that VAT is one of the sources for financing the budget of the Union.

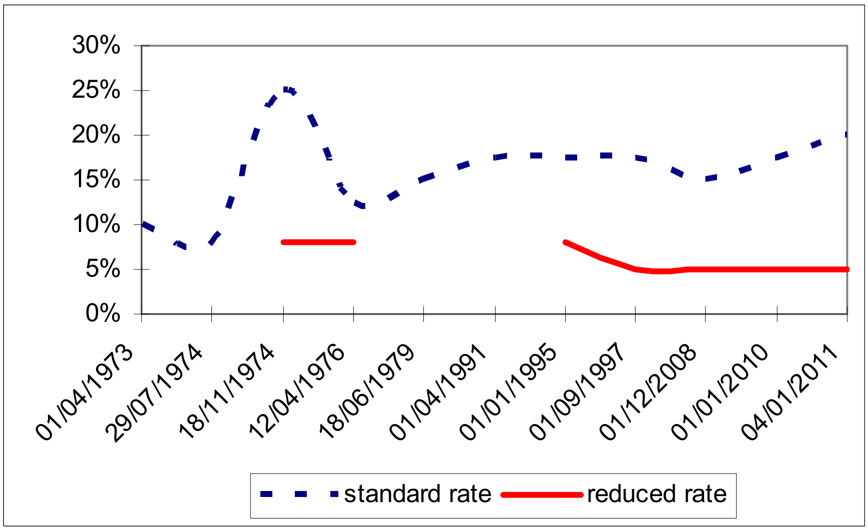

Chart 1: Trend of VAT rates in Great Britain (1973-2011)
Source: European Commission

Problems with the evasion in the VAT system in Great Britain culminated with the outbreak of the economic crisis in the fourth quarter of 2008. On 1st of December 2008, Great Britain reduced the rate from 17,5% to 15% for the period of 13 months in order to stimulate the consumption. However, there was a scenario to which VAT experts were warning given experiences of other countries while changing VAT rates. Reducing VAT rates did not decrease retail prices in the same percentage, so there was no expected effect on aggregate demand and on the other hand, fiscal bad depths were increased so fiscal deficit for 2009 amounted -11,4%[4]. „Old" VAT rate of 17.5% was returned on January 1st 2010. Already in January 2010, predictions of eminent IMF economists and others were confirmed. They predicted that temporary reduction of VAT rates would not contribute to significant growth of aggregate demand[5], but that restoring the previous rate level would result in higher prices according to the experience of countries which have changed the standard rate. According to official reports of the Office for National Statistics of Great Britain restoring the standard rate to the old level was resulted in a sudden rise of inflation in January 2010 of 3,5% which was the highest level of inflation at time in Britain in the period of crisis[6]. Restoring the VAT rate was not enough for quick handling of the budget deficit so since January 4, 2011 Great Britain increased again the standard rate, this time at 20%. According to estimates of researchers and sector associations, the increase of VAT rate to 20% will lead to a decrease in consumption of 1,6 billion GBP in 2011 and to the dismissal of 163,000 workers[7].

Leading experts in the field of VAT, gathered around Nobel price winner James Mirrlees, believe that the VAT system in Great Britain is matured for thorough reform. One direction of the reform is certainly the abolition of zero and reduced rates and introduction of a single VAT rate with designing the policy of targeted transfers in order to amortize regressive effects of a single VAT rate to citizens with lower income. According to their calculations the introduction of a single VAT rate of 17,5% will bring additional revenues of 11 billion GBP from VAT, which would, if it is

[4] Source: EUROSTAT, Euroindicators, News Release, 170/2010 - 15 November 2010.
[5] Spilimergo A., Symansky S., Blanchard O., Cottarelli C., „Fiscal Policy for the Crisis", IMF staff position note SPN/08/01, IMF, Washington, 29 December 2008, www.imf.org.
[6] Source: UK Office for National Statistics
[7] See: Centre for Economics and Business Research, British Retail Consortium.

directed to 30% of the poorest citizens, bring greater social transfers of 15% to this population in relation to the amount they can 'save' by purchasing food and children's equipment at reduced rates of VAT[8].

Specific policies in other Member States

By expansion of the global crisis on the real sector, EU Member States are increasingly becoming aware that individual anti-crisis measures are not enough, that it is necessary to adopt comprehensive strategies for overcoming the crisis and adequate economic and fiscal programs. Depending on the fiscal situation Member States have mainly focused on restructuring programs of public consumption and its reduction to possible frames, while Poland opted for policy of continuous increase of VAT rate in the next three years, where every year, starting from January 1, 2011, VAT rate would be increased by 1 percentage point.

According to estimates of analysts, the increase of standard and reduced VAT rate from January 1, 2011 will not be enough to redress the fiscal deficit in Czech Republic. For this reason the option of switching to a single VAT rate from January 1, 2012 is being considered. It is estimated that the unified rate should be at the level of a current higher rate of 20% in order to achieve needed fiscal effects[9], but, according to the last information the Government would unify the VAT rate at 17,5% with effect from 1 January 2012, the reduced rate would be increased from 10% to 14% from 2012, but it would be fully abolished from 1 January 2013[10].

VARIABILITY OF STANDARD RATES IN THE EU

The increase of standard rates in the Member States has led to the increase of average VAT standard rate in the EU-27 of 1,20% and the increase of variability. Due to continuous growth of standard rates in Ireland and Poland, in 2012 and 2013 the average standard VAT rate in EU-27 will increase to 20.73% and 20,80% respectively, which will negatively affect the variability (Chart 2).

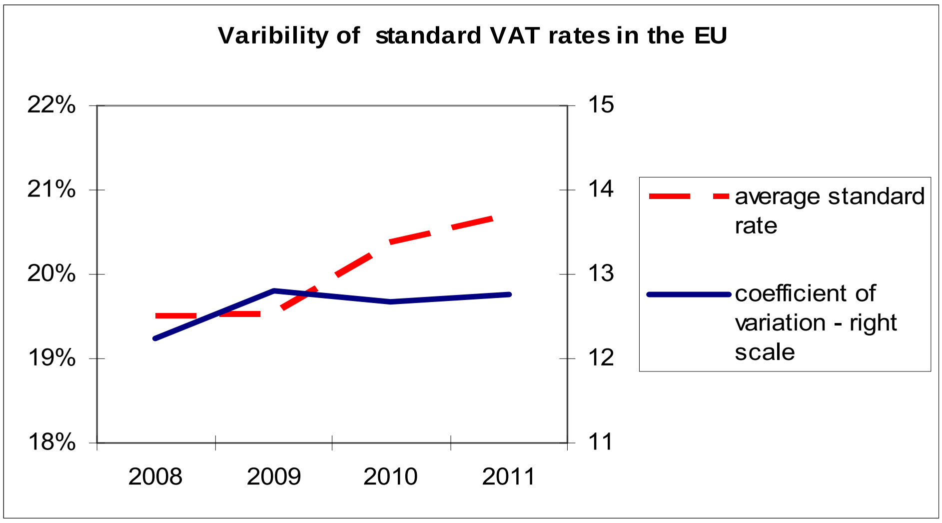

Chart 2: Variability of standard VAT rates in the EU, 2008-2011

[8] More in: Ian Crawford, Michael Keen, and Stephen Smith, "Value Added Tax and Excises", "Mirrlees Review: Dimensions of Tax Design", Institute for Fiscal Studies, London, UK, November 2010, p.p. 275-422.
[9] IMF, Czech Republic—2011 Article IV Consultation Concluding Statement, February 21, 2011, www.imf.org
[10] IBFD, Tax News Service, 28 March 2011.

Increase of standard rates in half of the EU Member States has resulted in shifting of dispersion of Members within the EU to higher rates (Chart 3). By 2008 third of Member States had standard VAT rates in the range from 15% to 18% and only four in the range from 22-25%. Today this picture is quite the opposite: only four of Member States have standard rate to 18% and even nine in the range of 22-25%. Next year this number will increase to ten member States when the second phase of increasing rates in Ireland enters into force.

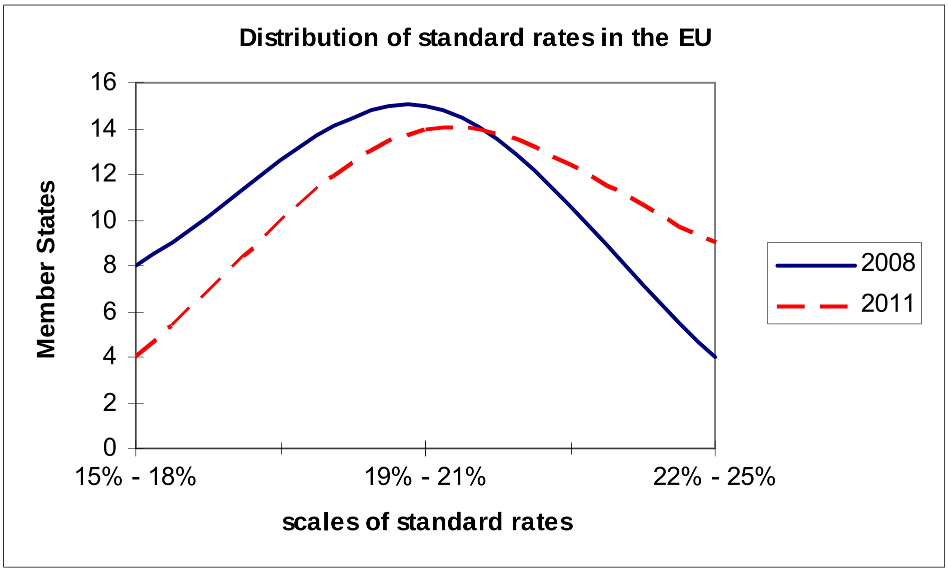

Chart 3: Distribution of Member States according to height of standard VAT rates, 2008-2011

CONCLUSION

Trend analysis of standard VAT rates in the EU and implication of increasing rates in Member States presented in the case study of Great Britain, confirmed two models of the behaviour of traders in situations of changing standard VAT rates, which policy makers of VAT taxation must be aware of:

- Increasing VAT rate causes higher price growth than the increase of rate itself, given that traders often take advantage of the opportunity and under the rate increase they rise the base as well (margin),
- Reducing VAT rate usually has no effects on the reduction of selling price for the amount of tax repealed, but the portion of income which the State wants to give up for the benefit of consumers overflows to merchant in the form of greater margin.

Taking into consideration the crisis situation in the world market and price growth of food and energy generating products, one should raise a question regarding macro- and microeconomic implications of VAT rate growth in the EU to prices, consumption and economic growth, as well as how much such policies are in accordance with short and medium-term objectives of the EU economic growth. Finally, the question is whether current anti-crisis policies of the EU Member States are in line with new tax strategy of the EU[11], to ensure a higher level of neutrality of the European VAT system as a whole in order to strengthen competitive position of companies from the EU to the EU and world market. On evolution of reduced VAT rates in the EU Member States, EU strategy and policies in the area of VAT and global VAT policy you can read in the next issues of bulletin.

[11]The new taxation strategy of the EU has been presented to European Parliament by the Commissioner for Taxation and Customs in June 2010.

Consolidated reports

(authors: Aleksandra Regoje and Mirela Kadić)

Table 1. (Consolidated report: B&H institutions, entities, SA)

1. 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 and expenditures of the institutions of Bosnia and Herzegovina,
   - revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
   - revenues and expenditures of the budget of the Republika Srpska.

Tables 2.1.-2.5. (Consolidated report: Cantons)

1. The consolidated report includes.
   - revenues and expenditures of the cantonal budgets,
   - revenues and expenditures of the budgets of related municipalities
2. Net financing = loans received – repayment of debt

Preliminary consolidated report: BiH institutions, entities and SA, I-XII 2010

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Revenues	397,9	375,9	424,9	535,1	445,5	461,5	488,5	497,6	503,0	546,8	492,1	532,6	5.701,4
Taxes	368,0	344,7	391,2	446,3	420,9	432,5	427,5	464,7	457,0	459,6	451,7	463,7	5.127,8
Indirect taxes	351,0	325,1	351,2	378,0	399,9	410,0	407,2	444,6	435,8	420,7	428,7	434,1	4.786,3
VAT	203,2	206,9	223,5	232,2	252,9	255,8	257,3	277,7	273,8	273,7	272,5	266,9	2.996,2
VAT on imports	104,7	150,9	175,3	182,1	187,1	195,5	197,5	198,9	204,6	194,8	204,8	222,5	2.218,9
VAT from VAT returns	145,9	114,5	97,3	108,1	122,8	106,9	124,0	137,0	132,8	129,4	129,2	117,6	1.465,4
VAT from automatic assessment done by ITA	0,0	0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,1	0,1	0,0	0,0	0,3
One-off VAT payments	0,2	0,2	0,0	0,0	0,2	0,4	0,2	0,1	0,1	0,2	0,1	0,1	1,8
Other	2,1	2,4	1,9	2,5	2,3	1,9	2,3	2,8	2,3	2,1	2,4	3,1	28,0
VAT refunds	-49,8	-61,2	-51,0	-60,6	-59,6	-48,9	-66,7	-61,0	-66,2	-52,8	-64,0	-76,5	-718,1
Custom duties	16,6	22,2	26,6	24,7	24,9	26,1	24,4	25,5	28,0	26,8	27,1	29,3	302,0
Sales tax	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Excises	107,9	76,0	78,0	95,2	95,2	102,9	97,3	109,5	104,8	93,0	102,2	111,6	1.173,6
on imports	65,2	52,5	54,9	61,6	57,6	61,7	65,9	67,4	59,0	58,7	65,1	64,1	733,6
on domestic production	42,7	23,6	23,1	33,6	37,5	41,2	31,4	42,2	45,8	34,3	37,0	47,6	440,0
Railroad tax	23,0	19,2	22,3	25,6	26,6	24,4	27,9	31,1	28,1	26,1	26,3	26,4	307,0
Other	1,1	1,2	1,8	1,5	1,3	1,5	1,6	1,4	1,4	1,3	1,4	1,7	17,1
Other refunds	-0,8	-0,3	-0,9	-1,2	-1,1	-0,6	-1,2	-0,6	-0,3	-0,3	-0,7	-1,8	-9,7
Direct taxes	17,1	19,6	40,0	68,3	20,9	22,5	20,3	20,1	21,2	38,9	23,0	29,6	341,5
Profit tax revenues	9,4	10,8	29,2	57,6	11,8	12,1	9,7	9,7	10,0	28,9	11,1	15,1	215,2
Income tax revenues	7,1	8,1	9,9	9,8	8,3	9,5	9,6	9,4	10,4	9,1	11,0	13,4	115,5
Other direct taxes	0,6	0,7	1,0	0,9	0,9	0,9	1,0	1,0	0,9	0,9	0,9	1,1	10,8
Contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Non-tax revenues	27,7	29,3	32,6	88,5	22,7	28,7	29,5	29,7	25,3	35,4	33,1	33,8	416,5
Grants	2,1	1,9	1,0	0,2	2,0	0,3	1,1	1,1	0,8	1,7	3,7	6,1	22,0
Other revenues	0,0	0,0	0,0	0,1	0,0	0,0	30,5	2,1	20,0	50,0	3,5	29,0	135,2

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Expenditures	417,5	334,2	508,2	473,1	463,0	572,8	467,0	493,9	615,6	541,9	506,1	640,8	6.034,0
Wages and compensations	106,7	109,0	120,7	119,1	119,2	157,9	101,7	120,3	119,5	139,2	126,9	135,1	1.475,2
Purchases of goods and services	11,0	15,2	28,2	22,8	28,7	39,2	20,4	23,4	38,0	33,2	34,0	89,5	383,5
Subsidies and transfers	79,7	71,3	176,2	138,4	114,4	158,1	131,4	121,9	199,6	151,7	124,9	130,5	1.598,1
Interests (domestic and foreign)	2,5	3,7	11,0	5,2	9,0	18,3	1,6	6,1	19,2	7,0	18,7	16,5	118,6
Interests on foreign debt	2,5	3,6	9,1	5,1	9,0	17,8	1,6	6,1	5,6	7,0	8,4	17,2	93,0
Interests on domestic debt	0,0	0,1	1,9	0,0	0,0	0,5	0,0	0,0	13,5	0,0	10,3	-0,6	25,7
Other current expenditure	6,6	12,7	12,1	18,4	21,6	20,9	11,6	15,6	24,6	11,8	16,9	44,9	217,5
Capital expenditures	12,2	12,3	17,3	5,1	6,4	18,0	11,4	8,8	11,9	11,6	11,5	66,3	192,7
Other expenditures	58,3	7,4	-27,2	10,1	9,3	13,5	12,2	8,9	26,5	13,7	9,4	8,3	150,5
SA transfers	141,5	103,8	179,4	155,6	164,4	155,5	178,5	193,1	187,3	177,6	174,8	153,3	1.965,0
o/w: FBiH/cantons, municipalities, Road Fund	101,2	73,3	145,9	120,5	125,0	118,2	137,3	147,0	143,8	136,7	133,4	116,3	1.498,5
o/w: RS/cities, municipalities, Road Fund	28,0	19,6	21,6	23,8	27,3	25,0	28,9	32,7	30,3	28,3	28,4	23,8	317,6
o/w: Brčko	12,4	11,0	11,9	11,3	12,1	12,4	12,4	13,4	13,3	12,6	13,0	13,2	148,9
Net lending and capital gains	-1,0	-1,2	-9,5	-1,6	-10,0	-8,6	-1,7	-4,2	-11,1	-3,9	-10,9	-3,5	-67,2
Overall balance	-19,6	41,7	-83,3	62,0	-17,4	-111,2	21,5	3,7	-112,6	4,9	-14,0	-108,2	-332,6
Financing	19,6	-41,7	83,3	-62,0	17,4	111,2	-21,5	-3,7	112,6	-4,9	14,0	108,2	332,6

Table 1.

Bosnia-Podrinje Canton, I-XII 2010

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII 2010
1	**Revenues** (11+12+13+14)	**2.789.712**	**2.491.593**	**2.466.264**	**3.007.294**	**3.150.936**	**3.163.416**	**3.354.720**	**3.372.464**	**5.393.112**	**6.194.158**	**3.275.483**	**9.352.204**	**48.011.356**
11	**Tax revenues**	**2.354.969**	**2.109.402**	**2.141.597**	**2.610.781**	**2.561.312**	**2.425.677**	**2.805.809**	**2.975.134**	**2.937.761**	**2.814.267**	**2.813.243**	**2.835.765**	**31.385.717**
	Income and profit tax	189.327	221.999	226.167	355.422	222.765	224.253	247.491	238.173	257.199	253.820	276.893	347.492	3.061.002
	Property tax	20.780	44.620	14.972	21.305	19.880	8.650	12.064	23.872	15.396	22.455	25.114	21.192	250.299
	Indirect taxes	2.144.691	1.842.553	1.900.165	2.233.829	2.318.483	2.192.382	2.546.053	2.712.898	2.664.936	2.537.800	2.510.984	2.466.665	28.071.440
	Other taxes	171	230	294	225	185	392	201	190	229	192	252	417	2.976
12	**Non-tax revenues**	**325.862**	**285.449**	**235.582**	**273.662**	**509.130**	**409.632**	**467.703**	**287.908**	**234.624**	**285.606**	**353.504**	**695.143**	**4.363.804**
13	**Grants**	**95.845**	**93.354**	**84.982**	**119.458**	**72.792**	**324.457**	**69.249**	**89.350**	**2.214.488**	**3.090.132**	**100.777**	**5.804.386**	**12.159.270**
14	**Other revenues**	**13.036**	**3.388**	**4.103**	**3.393**	**7.702**	**3.650**	**11.958**	**20.072**	**6.239**	**4.153**	**7.959**	**16.911**	**102.565**
2	**Expenditures** (21+22)	**2.746.925**	**3.248.773**	**2.938.706**	**2.932.537**	**3.495.079**	**2.791.299**	**3.632.738**	**2.884.812**	**5.546.413**	**3.749.750**	**3.945.851**	**5.299.200**	**43.212.082**
21	**Current expenditures**	**2.746.925**	**3.248.948**	**2.938.881**	**2.932.712**	**3.495.254**	**2.791.474**	**3.632.913**	**2.884.987**	**5.546.588**	**3.749.750**	**3.945.851**	**4.927.200**	**42.841.482**
	Gross wages and compensations	1.766.073	1.821.355	1.860.522	1.834.799	1.801.082	1.805.575	2.102.804	1.714.983	1.799.994	1.816.992	1.772.773	1.946.268	22.043.219
	Purchases of good and services	431.172	363.368	431.632	261.796	325.632	267.884	300.880	234.633	440.668	511.480	294.339	929.908	4.793.392
	Grants	497.920	1.063.364	645.833	835.367	1.367.675	717.257	1.176.625	934.747	3.305.329	1.420.757	1.878.265	2.030.765	15.873.904
	Interests	51.559	862	806	749	865	758	52.604	623	597	521	475	462	110.881
	Transfers to lower budget units	200	0	89	0	0	0	0	0	0	0	0	19.797	20.086
22	**Net lending***	0	-175	-175	-175	-175	-175	-175	-175	-175	0	0	372.000	370.600
3	**Net aquisition of nonfinancial assets**	**47.007**	**30.182**	**118.454**	**22.606**	**60.473**	**264.558**	**182.895**	**12.235**	**380.028**	**61.446**	**232.190**	**585.091**	**1.997.164**
4	**Government surplus/deficit** (1-2-3)	**-4.219**	**-787.363**	**-590.895**	**52.152**	**-404.615**	**107.559**	**-460.913**	**475.417**	**-533.330**	**2.382.962**	**-902.558**	**3.467.914**	**2.802.111**
5	**Net financing** **	**-154.063**	**-14.020**	**-15.213**	**-14.630**	**-17.359**	**-16.464**	**-167.571**	**-15.276**	**-15.655**	**-14.655**	**-14.408**	**-15.175**	**-474.490**

Table 2.1.

Posavina Canton, I-XII 2010

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII 2010
1	**Revenues** (11+12+13+14)	**2.728.716**	**2.362.270**	**2.792.890**	**2.951.952**	**2.712.214**	**2.943.003**	**3.016.781**	**3.076.283**	**5.280.467**	**5.950.414**	**2.947.874**	**8.859.579**	**45.622.443**
11	**Tax revenues**	**2.179.459**	**1.926.371**	**2.067.830**	**2.392.316**	**2.219.470**	**2.034.086**	**2.344.753**	**2.498.318**	**2.549.922**	**2.350.659**	**2.303.274**	**2.484.292**	**27.350.749**
	Income and profit tax	240.531	357.081	506.180	469.451	355.295	256.885	295.196	278.536	287.718	289.286	285.474	373.375	3.995.010
	Property tax	33.683	61.587	29.473	141.498	25.491	33.378	36.144	50.325	38.967	43.484	31.560	134.018	659.606
	Indirect taxes	1.902.481	1.503.858	1.526.948	1.777.810	1.837.555	1.740.627	2.011.956	2.166.857	2.216.611	2.013.335	1.980.815	1.967.549	22.646.403
	Other taxes	2.764	3.846	5.228	3.556	1.130	3.196	1.456	2.600	6.625	4.553	5.426	9.350	49.731
12	**Non-tax revenues**	**529.791**	**435.899**	**635.281**	**537.086**	**372.461**	**436.634**	**578.117**	**557.664**	**452.635**	**522.683**	**594.867**	**715.032**	**6.368.149**
13	**Grants**	**19.466**	**0**	**89.780**	**22.550**	**120.284**	**22.106**	**93.911**	**20.300**	**2.277.911**	**3.077.073**	**49.732**	**5.660.255**	**11.453.367**
14	**Other revenues**	**0**	**0**	**0**	**0**	**0**	**450.178**	**0**	**0**	**0**	**0**	**0**	**0**	**450.178**
2	**Expenditures** (21+22)	**2.547.500**	**2.806.755**	**3.481.749**	**2.746.867**	**2.981.687**	**2.977.988**	**2.642.853**	**3.040.874**	**3.525.096**	**3.713.723**	**3.682.505**	**5.396.062**	**39.543.659**
21	**Current expenditures**	**2.557.500**	**2.806.755**	**3.481.749**	**2.746.867**	**2.981.687**	**2.977.988**	**2.642.853**	**3.040.874**	**3.525.096**	**3.713.723**	**3.683.005**	**5.396.062**	**39.554.159**
	Gross wages and compensations	1.592.419	1.639.424	1.667.987	1.658.966	1.650.946	1.639.987	1.497.852	1.745.792	1.898.912	1.999.115	1.686.338	1.731.442	20.409.181
	Purchases of good and services	759.915	611.858	753.903	493.575	512.559	518.862	560.609	646.572	615.448	736.446	568.049	1.071.652	7.849.448
	Grants	191.151	554.954	1.057.224	593.294	817.145	804.084	583.380	647.590	1.009.845	977.270	1.427.783	2.491.979	11.155.699
	Interests	14.015	519	2.635	1.032	1.037	15.055	1.011	920	891	892	835	100.989	139.830
	Transfers to lower budget units	0	0	0	0	0	0	0	0	0	0	0	0	0
22	**Net lending***	-10.000	0	0	0	0	0	0	0	0	0	-500	0	-10.500
3	**Net aquisition of nonfinancial assets**	**144.702**	**15.575**	**156.165**	**324.717**	**728.183**	**113.906**	**-107.839**	**651.944**	**794.527**	**891.184**	**370.588**	**2.008.035**	**6.091.688**
4	**Government surplus/deficit** (1-2-3)	**36.515**	**-460.060**	**-845.024**	**-119.632**	**-997.656**	**-148.891**	**481.766**	**-616.535**	**960.844**	**1.345.507**	**-1.105.218**	**1.455.482**	**-12.904**
5	**Net financing ** **	**-38.284**	**0**	**0**	**0**	**0**	**-33.205**	**0**	**0**	**0**	**0**	**0**	**0**	**-71.489**

Table 2.2.

West Herzegovina Canton, I-XII 2010

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII 2010
1	**Revenues** (11+12+13+14)	**6.131.904**	**5.736.966**	**7.935.977**	**7.859.545**	**6.874.737**	**6.537.241**	**7.246.733**	**8.759.767**	**7.766.526**	**8.782.221**	**7.169.344**	**7.717.140**	**88.518.100**
11	**Tax revenues**	**5.219.291**	**4.654.636**	**6.430.852**	**6.691.064**	**5.862.013**	**5.270.642**	**6.050.543**	**7.570.239**	**6.154.521**	**6.484.401**	**5.719.828**	**6.236.449**	**72.344.478**
	Income and profit tax	928.665	871.005	2.166.438	2.163.504	1.219.437	1.260.081	1.321.922	1.072.282	1.177.877	1.679.671	1.042.571	1.499.513	16.402.966
	Property tax	176.681	225.885	191.383	95.005	123.834	63.577	81.638	84.982	178.666	65.010	108.140	169.487	1.564.289
	Indirect taxes	4.002.605	3.432.952	3.611.984	4.183.560	4.410.521	3.868.563	4.565.502	6.360.530	4.744.215	4.679.681	4.517.991	4.502.674	52.880.780
	Other taxes	111.340	124.793	461.046	248.995	108.221	78.421	81.480	52.444	53.762	60.039	51.125	64.775	1.496.442
12	**Non-tax revenues**	**882.840**	**1.064.335**	**1.445.802**	**1.096.838**	**940.772**	**1.175.166**	**1.009.237**	**1.112.608**	**910.105**	**976.907**	**1.096.492**	**1.199.441**	**12.910.542**
13	**Grants**	**29.773**	**17.995**	**33.412**	**71.643**	**71.952**	**91.432**	**127.811**	**76.920**	**701.900**	**1.320.913**	**353.025**	**281.250**	**3.178.025**
14	**Other revenues**	**0**	**0**	**25.912**	**0**	**0**	**0**	**59.143**	**0**	**0**	**0**	**0**	**0**	**85.054**
2	**Expenditures** (21+22)	**6.238.830**	**8.672.309**	**8.475.701**	**6.689.862**	**6.743.277**	**7.523.620**	**10.498.466**	**6.482.837**	**6.978.442**	**7.473.325**	**6.540.141**	**7.141.427**	**89.458.236**
21	**Current expenditures**	**6.238.830**	**8.672.309**	**8.475.701**	**6.689.862**	**6.743.277**	**7.523.620**	**10.498.466**	**6.482.837**	**6.978.442**	**7.473.325**	**6.540.141**	**7.141.427**	**89.458.236**
	Gross wages and compensations	4.084.986	3.962.237	4.139.395	3.995.317	3.980.984	3.976.202	4.944.272	3.950.469	4.377.536	4.249.035	4.295.762	4.404.942	50.361.136
	Purchases of good and services	921.914	858.308	967.591	580.961	761.927	861.626	567.965	649.846	1.173.205	797.240	816.954	881.126	9.838.663
	Grants	974.394	3.576.546	3.036.123	1.783.494	1.755.508	2.241.510	4.660.567	1.461.231	1.030.216	2.019.180	1.042.751	1.425.810	25.007.330
	Interests	55.094	56.811	58.058	118.266	92.166	180.066	84.560	121.661	111.291	146.960	110.120	128.639	1.263.690
	Transfers to lower budget units	202.443	218.407	274.534	211.825	152.691	264.217	241.102	299.629	286.195	260.910	274.554	300.910	2.987.417
22	**Net lending***	0	0	0	0	0	0	0	0	0	0	0	0	0
3	**Net aquisition of nonfinancial assets**	**31.008**	**192.662**	**400.947**	**-52.993**	**681.126**	**98.862**	**331.223**	**108.941**	**19.051**	**30.489**	**4.284**	**335.566**	**2.181.167**
4	**Government surplus/deficit** (1-2-3)	**-137.935**	**-3.128.004**	**-940.671**	**1.222.675**	**-549.666**	**-1.085.241**	**-3.582.956**	**2.167.989**	**769.033**	**1.278.407**	**624.919**	**240.147**	**-3.121.303**
5	**Net financing ****	**-97.136**	**-151.738**	**3.526.078**	**-1.455.840**	**5.184.961**	**-624.071**	**-423.901**	**-37.454**	**-523.712**	**-555.067**	**-505.116**	**-595.354**	**3.741.648**

Table 2.3.

Zenica-Doboj Canton, I-XII 2010

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII 2010
1	**Revenues** (11+12+13+14)	**25.033.261**	**20.595.980**	**22.857.811**	**25.622.965**	**25.982.384**	**26.428.393**	**28.720.747**	**29.243.287**	**30.918.245**	**30.129.269**	**29.315.420**	**33.622.787**	**328.470.550**
11	**Tax revenues**	**20.727.756**	**16.714.484**	**18.618.934**	**21.396.187**	**22.008.577**	**21.018.335**	**23.620.963**	**24.552.739**	**24.994.344**	**23.205.160**	**23.481.418**	**23.735.854**	**264.074.752**
	Income and profit tax	3.913.474	2.328.649	3.387.539	3.785.420	3.751.682	2.955.485	3.405.832	2.560.488	3.716.034	3.273.448	3.288.914	4.224.165	40.591.132
	Property tax	421.861	359.758	447.126	644.236	503.518	547.407	466.794	474.724	682.475	449.518	346.723	461.759	5.805.899
	Indirect taxes	16.357.041	14.012.926	14.780.384	16.959.902	17.527.334	17.413.500	19.737.578	21.506.640	20.526.014	19.462.623	19.839.920	19.038.385	217.162.247
	Other taxes	35.380	13.151	3.885	6.629	226.042	101.943	10.759	10.888	69.821	19.571	5.861	11.545	515.474
12	**Non-tax revenues**	**3.913.739**	**3.652.546**	**4.141.169**	**3.469.262**	**3.883.612**	**4.892.461**	**4.171.535**	**3.559.522**	**4.909.890**	**5.979.397**	**4.668.998**	**7.800.327**	**55.042.458**
13	**Grants**	**391.766**	**228.950**	**97.709**	**757.517**	**90.196**	**517.598**	**928.248**	**1.131.025**	**1.011.371**	**944.711**	**1.165.003**	**2.086.606**	**9.350.700**
14	**Other revenues**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2.640**	**0**	**0**	**0**	**2.640**
2	**Expenditures** (21+22)	**19.733.437**	**24.682.767**	**26.190.435**	**24.312.986**	**26.552.812**	**26.661.475**	**21.183.213**	**25.111.690**	**31.321.641**	**26.493.026**	**26.448.695**	**31.938.090**	**310.630.266**
21	**Current expenditures**	**19.733.437**	**24.682.767**	**26.190.435**	**24.312.986**	**26.552.812**	**26.661.475**	**21.183.213**	**25.111.690**	**31.321.641**	**26.493.026**	**26.452.445**	**31.945.590**	**310.641.516**
	Gross wages and compensations	13.293.411	13.967.153	14.851.148	13.768.551	14.019.974	14.232.353	12.375.518	12.689.143	17.610.842	13.731.567	14.209.819	14.822.220	169.571.699
	Purchases of good and services	3.183.167	4.531.133	5.469.972	4.462.097	3.687.609	4.480.162	3.068.854	3.674.925	4.455.069	4.150.867	4.594.453	7.869.191	53.627.499
	Grants	3.177.737	6.041.915	5.563.609	6.002.510	8.697.274	7.698.106	5.489.285	8.561.317	8.922.618	8.500.573	7.341.820	8.907.757	84.904.522
	Interests	66.113	6.773	6.263	6.764	6.761	6.931	193.464	61.950	10.077	96.899	16.109	19.049	497.154
	Transfers to lower budget units	13.008	135.792	299.444	73.063	141.193	243.923	56.091	124.355	323.035	13.120	290.244	327.374	2.040.642
22	**Net lending***	0	0	0	0	0	0	0	0	0	0	-3.750	-7.500	-11.250
3	**Net aquisition of nonfinancial assets**	**909.397**	**612.170**	**518.772**	**934.236**	**1.140.217**	**2.152.442**	**2.142.608**	**1.950.121**	**2.215.213**	**2.240.717**	**2.922.448**	**4.337.015**	**22.075.357**
4	**Government surplus/deficit** (1-2-3)	**4.390.427**	**-4.698.956**	**-3.851.395**	**375.743**	**-1.710.644**	**-2.385.524**	**5.394.926**	**2.181.476**	**-2.618.609**	**1.395.526**	**-55.724**	**-2.652.318**	**-4.235.072**
5	**Net financing ** **	**-123.127**	**-4.397**	**-30.000**	**-27.034**	**-20.534**	**0**	**-153.781**	**0**	**1.800.089**	**0**	**-20.000**	**-5.334**	**1.415.882**

Table 2.4.

Tuzla Canton, I-XII 2010

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII 2010
1	**Revenues** (11+12+13+14)	**30.367.530**	**26.882.945**	**31.262.669**	**32.456.982**	**33.628.621**	**32.207.686**	**37.046.465**	**35.838.072**	**41.049.027**	**36.979.493**	**36.503.139**	**48.051.084**	**422.273.714**
11	**Tax revenues**	**26.258.636**	**21.837.188**	**24.010.104**	**26.428.823**	**27.862.461**	**25.400.857**	**28.392.480**	**30.172.348**	**31.037.564**	**29.845.454**	**28.808.097**	**30.062.388**	**330.116.401**
	Income and profit tax	5.472.231	3.594.670	5.498.718	4.754.483	5.746.666	3.702.780	3.989.161	4.136.349	5.489.938	4.758.675	4.727.869	6.202.213	58.073.755
	Property tax	568.896	1.150.727	819.224	819.005	636.145	815.963	701.609	921.877	912.475	736.201	655.282	1.008.548	9.745.952
	Indirect taxes	20.211.964	17.079.310	17.678.826	20.762.984	21.471.505	20.399.633	23.694.097	25.071.170	24.577.706	23.889.483	23.277.667	23.122.642	261.236.987
	Other taxes	5.545	12.480	13.337	92.351	8.145	482.480	7.613	42.951	57.446	461.095	147.279	-271.015	1.059.707
12	**Non-tax revenues**	**3.647.071**	**4.662.788**	**6.880.193**	**5.179.980**	**4.812.102**	**6.163.859**	**7.923.433**	**4.946.843**	**8.948.221**	**6.407.352**	**6.432.362**	**15.486.517**	**81.490.721**
13	**Grants**	**461.822**	**361.869**	**369.486**	**806.678**	**954.058**	**642.871**	**718.052**	**708.906**	**1.057.621**	**644.587**	**1.268.433**	**2.499.629**	**10.494.013**
14	**Other revenues**	**0**	**21.100**	**2.886**	**41.500**	**0**	**100**	**12.500**	**9.975**	**5.620**	**82.100**	**-5.753**	**2.550**	**172.579**
2	**Expenditures** (21+22)	**25.739.449**	**30.171.411**	**35.208.598**	**31.970.090**	**31.282.357**	**34.346.109**	**31.372.418**	**31.002.162**	**33.506.975**	**36.295.181**	**36.609.987**	**54.696.618**	**412.201.355**
21	**Current expenditures**	**25.879.766**	**30.313.594**	**33.884.731**	**30.961.409**	**31.384.409**	**33.713.422**	**30.929.339**	**30.904.198**	**33.411.827**	**35.682.878**	**36.182.897**	**54.847.850**	**408.096.318**
	Gross wages and compensations	19.713.866	20.287.512	22.405.605	20.435.429	20.240.309	20.386.067	18.884.429	18.142.681	20.295.221	20.333.267	20.824.594	25.053.926	247.002.908
	Purchases of good and services	3.219.606	4.281.605	4.668.429	4.637.165	4.159.126	5.783.276	6.004.824	4.694.602	5.157.284	6.855.455	6.098.871	9.177.368	64.737.611
	Grants	2.837.194	5.606.617	6.622.265	5.768.146	6.599.797	7.372.104	5.820.902	7.857.012	7.741.765	8.163.926	9.044.858	19.711.396	93.145.982
	Interests	45.079	6.466	5.549	8.382	214.865	5.334	46.442	77.603	4.425	111.328	62.988	566.322	1.154.783
	Transfers to lower budget units	64.020	131.394	182.882	112.287	170.311	166.640	172.740	132.300	213.133	218.902	151.587	338.838	2.055.034
22	**Net lending***	-140.317	-142.183	1.323.868	1.008.681	-102.052	632.687	443.079	97.964	95.148	612.303	427.091	-151.232	4.105.037
3	**Net aquisition of nonfinancial assets**	**464.326**	**1.387.286**	**1.161.225**	**1.052.362**	**800.035**	**1.803.494**	**1.192.968**	**2.703.919**	**3.161.985**	**1.909.937**	**3.224.645**	**3.174.906**	**22.037.089**
4	**Government surplus/deficit** (1-2-3)	**4.163.754**	**-4.675.752**	**-5.107.154**	**-565.470**	**1.546.230**	**-3.941.916**	**4.481.079**	**2.131.991**	**4.380.067**	**-1.225.626**	**-3.331.493**	**-9.820.440**	**-11.964.730**
5	**Net financing ****	**-208.495**	**-58.799**	**-117.526**	**-323.404**	**-161.924**	**-104.927**	**-224.814**	**-121.068**	**-103.792**	**-151.243**	**-136.598**	**-1.821.082**	**-3.533.671**

Table 2.5.