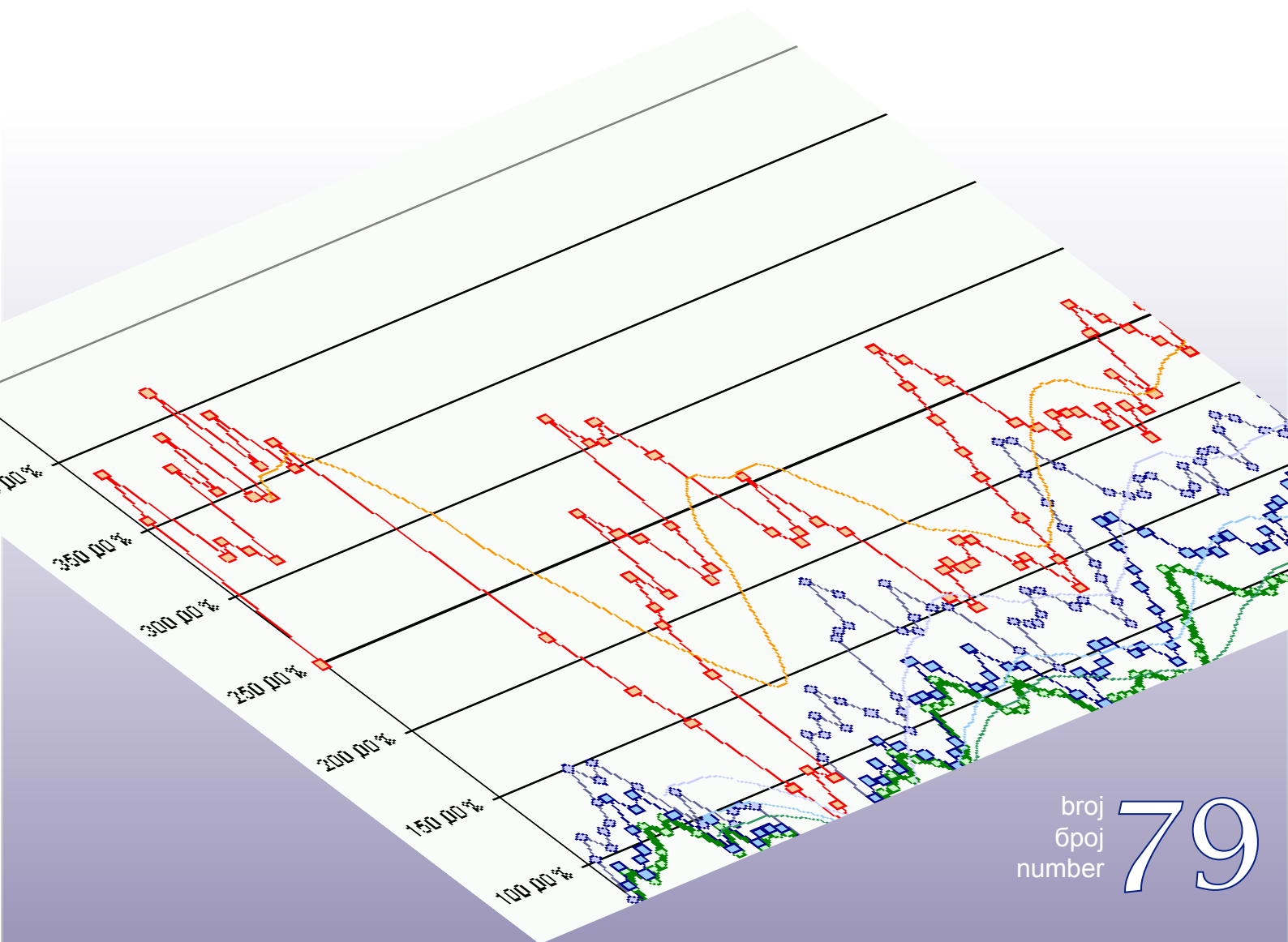




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

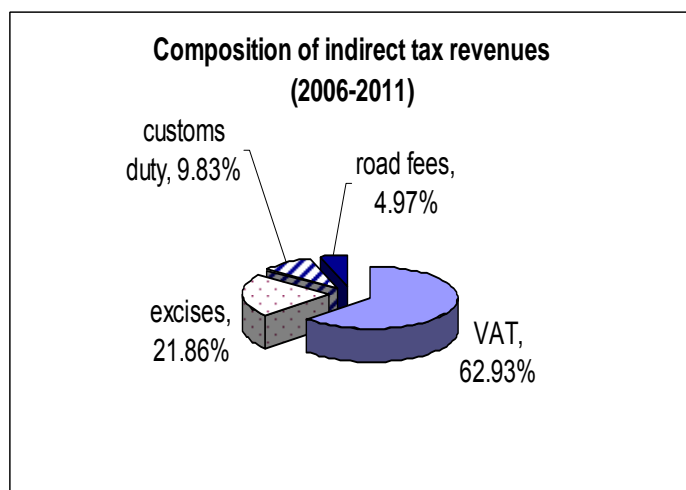
# *Oma Bilten*



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number **79**

## With this issue

Another fiscal year is behind us. In terms of indirect taxes it can be concluded that 2011 was a successful year given that the largest amount of revenue from indirect taxes has been collected since the establishment of the ITA. Since the introduction of VAT as of 1<sup>st</sup> of January 2006, the ITA has collected 28,120 billion of revenue from indirect taxes. Given that in public, while indicating enormous public consumption, total collected revenues from indirect taxes are often mentioned as synonym for VAT, there is a need to explain more precisely the structure of revenues.



In the revenue structure, as expected, revenues from VAT dominate with the share of 63%, while revenues from customs duties have been reduced from 23% in 2003 to 5,53% in 2011 due to the implementation of the Stabilization and Association Agreement. On the other hand, revenues from excise taxes and road fees, which can be considered as earmarked excise, represent 26,8% of revenue from indirect taxes (see Chart). It should be noted that excise taxes are introduced on goods which, to a large extent, can be a luxury (for example, oil derivatives) or so called „demerit“ goods, which are, from the standpoint of the social utility, harmful

to human health or the environment (tobacco products, alcohol,..). If we sort VAT collected from excises and road fees, which are included in the basis for calculation of VAT, out of collected revenues from VAT, then the share of VAT paid on other goods and services decreases to 58,6%, while the share of excise and related VAT increases to 31,5%. If we look only 2011 then it can be concluded that after the decomposition of VAT on excise products and VAT on other goods the share of excises and related VAT exceeds 36% of revenue. This approach of decomposition of revenue indicates future trends in the collection of indirect taxes and increasing funding dependency of levels of Government in B&H from collection of revenues from excise taxes.

Dinka Antić, PhD  
Head of Unit

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## Collection of revenues from indirect taxes in 2011

(prepared by: Dinka Antić, PhD)

According to the ITA report December brought a slight increase of collection of revenues from indirect taxes related to two previous months. However, it could not significantly increase the total collection in 2011. In 2011 the ITA collected 4,996 billion KM of revenues from indirect taxes after deduction of refunds or **4,04% more than in 2010, which is within the scope of revised projection of revenues** (Chart 1).

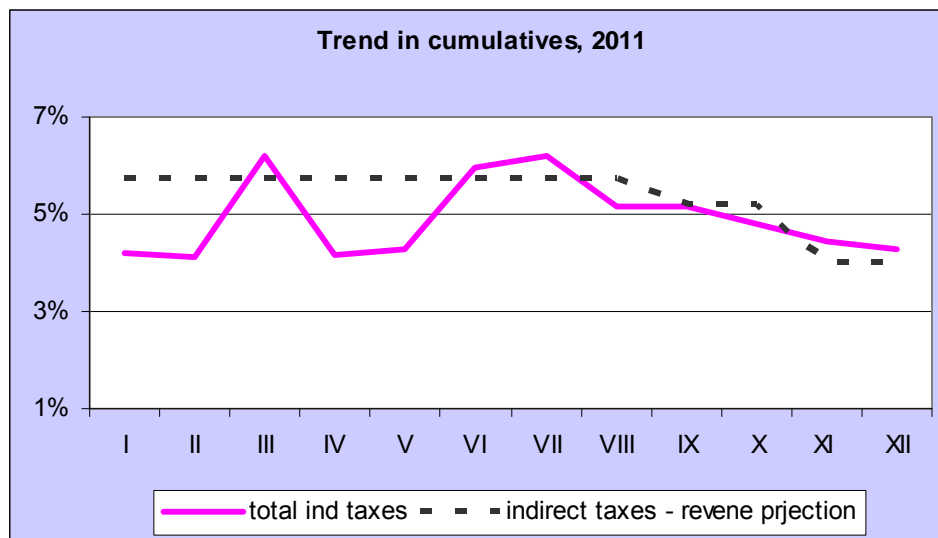


Chart 1

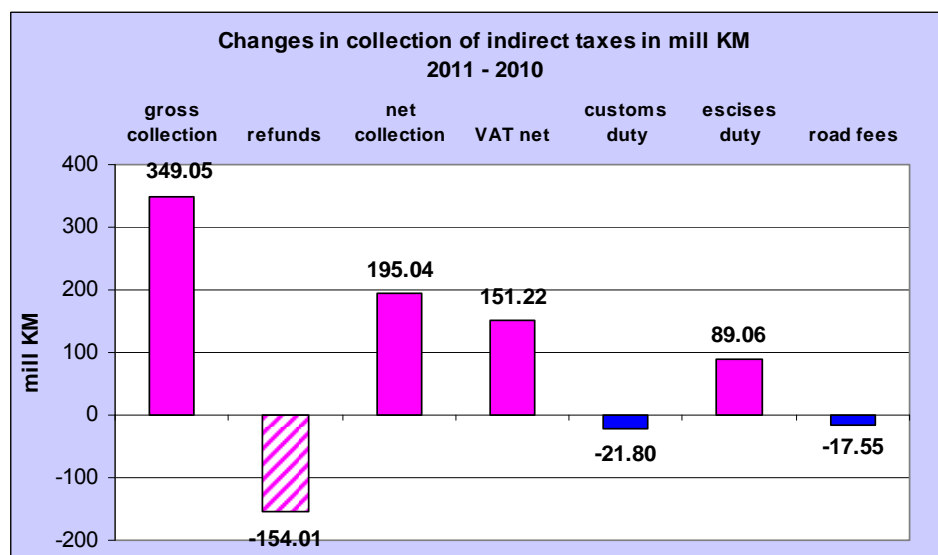


Chart 2

In 2011 it was collected **195 million KM more than in 2010**. This amount also includes 6,358 million KM of unadjusted revenues which will not be considered in analysis by types of revenues. Review of changes by quarters (comparison of a quarter with the same quarter of the previous year) shows a downward trend in the collection, especially in the second half of 2011 (Chart 3).

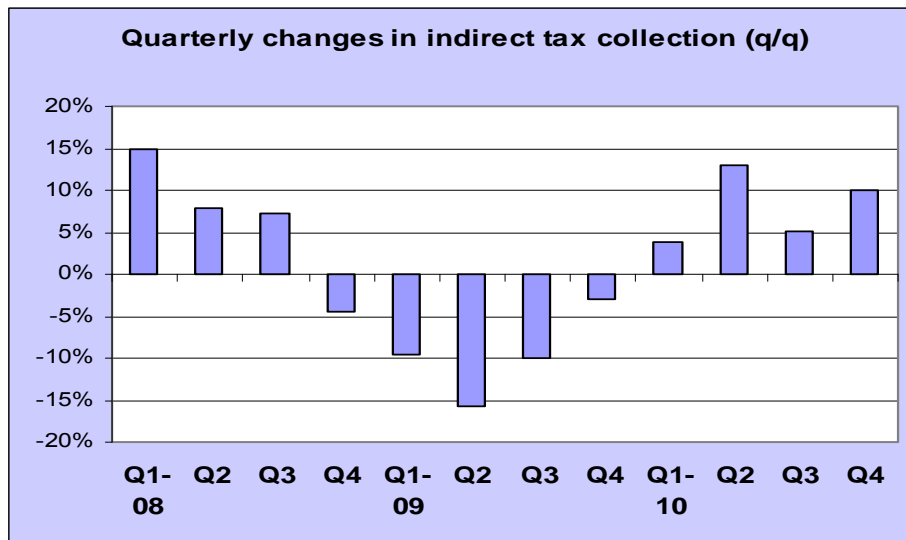


Chart 3

### *Trends by types of revenues*

#### *Customs duties*

In 2011 it was collected 274 million KM of revenues from customs duties after deduction of refunds. Revenues from customs duties were declined for 24,12% in 2011 in relation to 2010. There are several reasons for such a large reduction of revenues. The implementation of the Stabilisation and Association Agreement (SAA) continued in 2011. Given that the customs duty has been already significantly reduced on the majority of imported products from the EU, effects of the SAA on revenues from customs in 2011 were not significant. However, the abolition of customs records of 1% from customs value of total import at the beginning of the fourth quarter contributed to the strong decrease of customs revenues in the last quarter of 2011 (Chart 4).

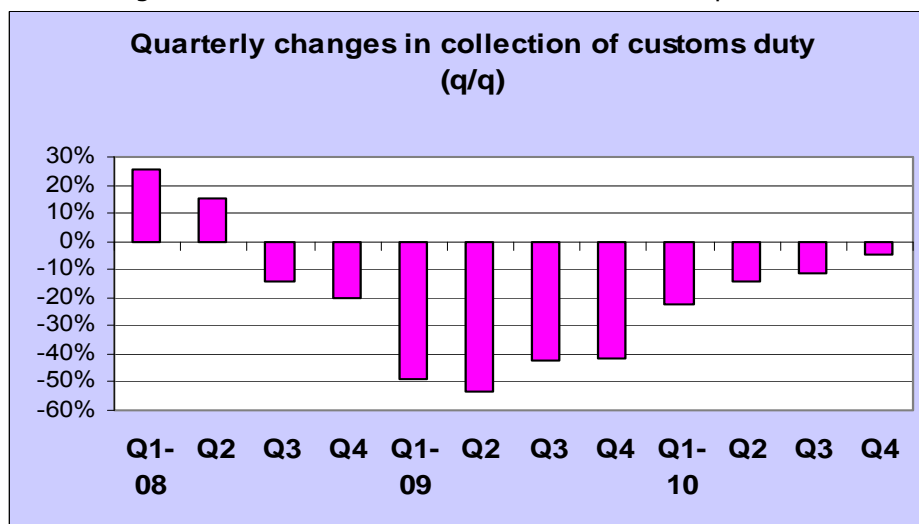


Chart 4

Effects in the fourth quarter were further strengthened by the slowdown in imports growth in the fourth quarter (Chart 5).

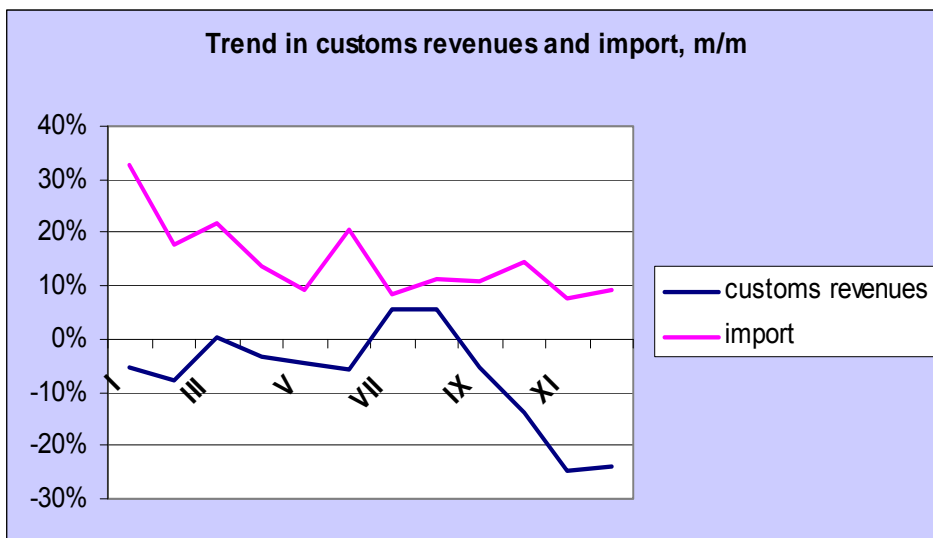


Chart 5

VAT

It was collected 3,147 billion KM of revenues from VAT in 2011 or 5,05% more than in 2010. After the strong growth in VAT revenues in the first quarter of 2011, during the rest of the year revenues were lower but stable (Chart 6). Gap between gross and net VAT revenues during the year increased from 1 to nearly 4 percentage points due to the increase of VAT refunds of 21% (Chart 7). VAT refunds to taxpayers increased by 19.8% while refunds from international projects increased for 30%. Another factor that reduced the growth of VAT revenue was the debt from unpaid VAT which was insignificant before the global crisis compared to collected revenues. 71 million KM of new debt was recorded in 2011 which amounts to 2,25% of net VAT revenue in 2011. When compared with the amount of debts and other evasion of VAT, which in some Member States amount to 11% of net collection, and at the EU level to 2,5% of GDP of the Union, the amount of VAT debt in B&H is very low. Announced measures of the ITA to taxpayers who have not paid VAT liabilities, which include the application of the special scheme for debtors, should make a reduction of VAT debt in 2012.

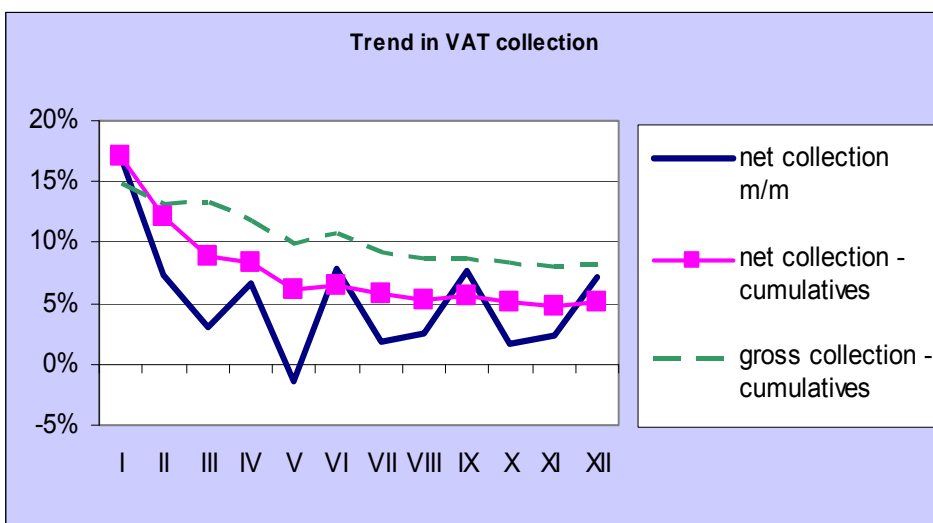


Chart 6

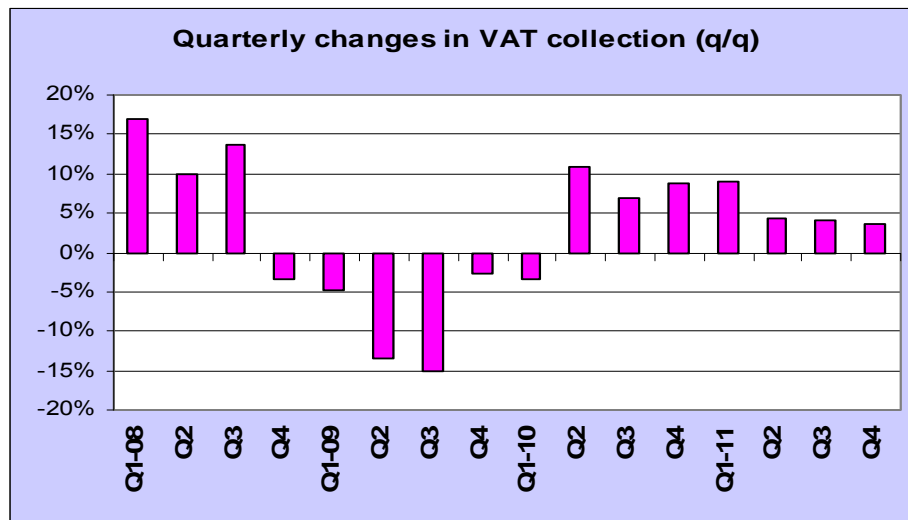


Chart 7

### Excise duties

In 2011 1,262 billion KM of excise revenue was collected after the deduction of excise refunds for heating oil and alcohol. Excise revenues increased by 7,8% at the annual level. The highest growth was recorded in revenues from excise duties on coffee 17,3% and on tobacco products of 16,3%, provided that the increase in revenue from excise duties on imported tobacco products was 19,1%. A slight increase in revenue was recorded in the group of excise products of alcohol, alcoholic beverages and soft drinks, beer and wine, while the excise duty on oil products declined by approximately 3%.

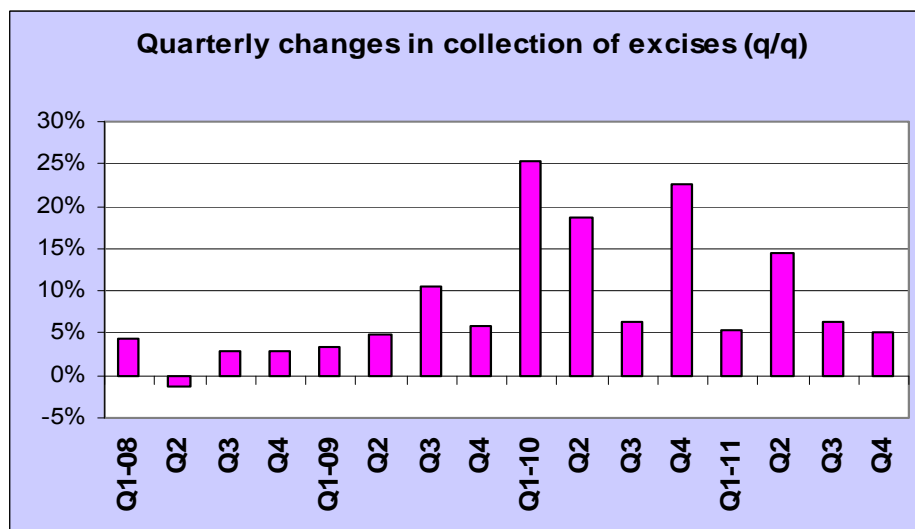


Chart 8

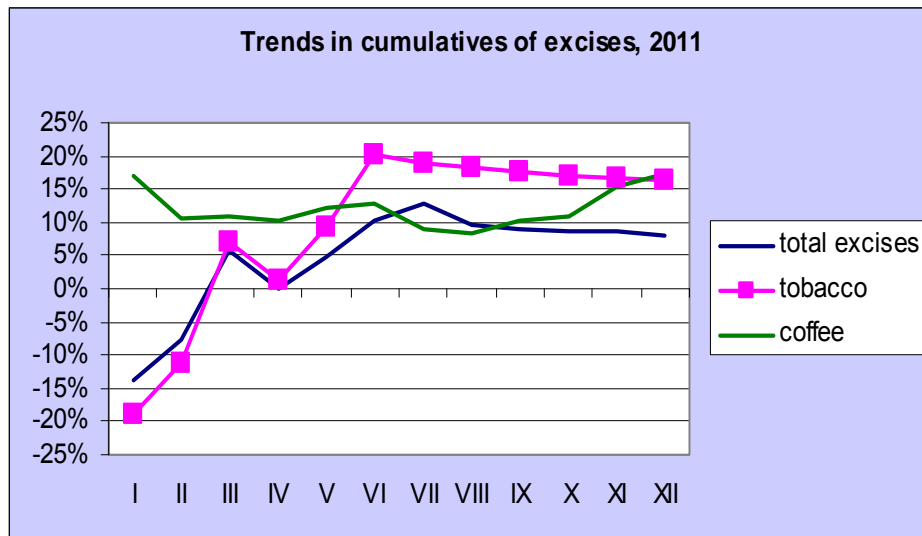


Chart 9

Reduction of revenue from excise duties on oil products is the result of changes in the structure of consumption products in favour of diesel and increased consumption of heating oil. Differentiated taxation of derivatives, which includes the refund of excise duties on heating oil used for heating residential and commercial premises, greenhouses, as well as the exemption from paying road fees for the mines, power plants and railways led to a reduction in revenue collection from excise duties on oil products as well as revenues from road fees. In 2011 it was collected 16,2 million less than in 2010 or 5,27% which was the result of mentioned excise duty relief.

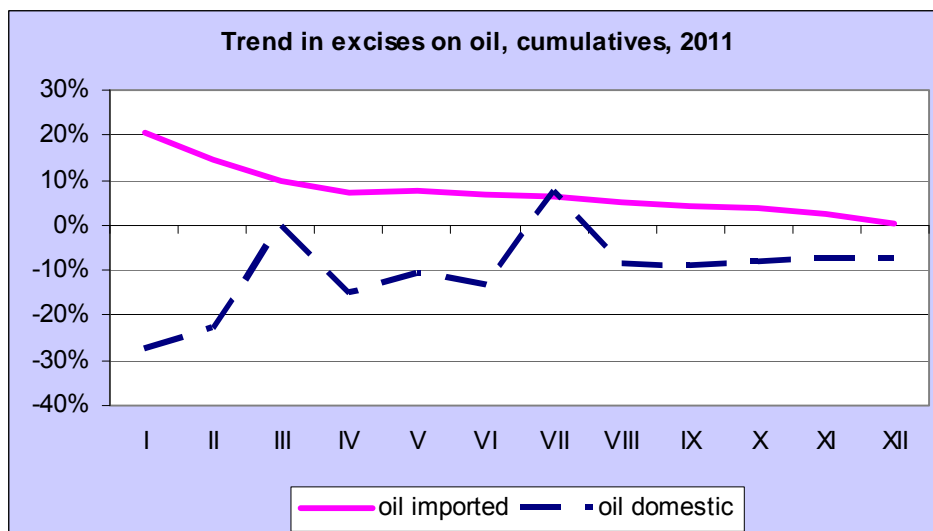


Chart 10

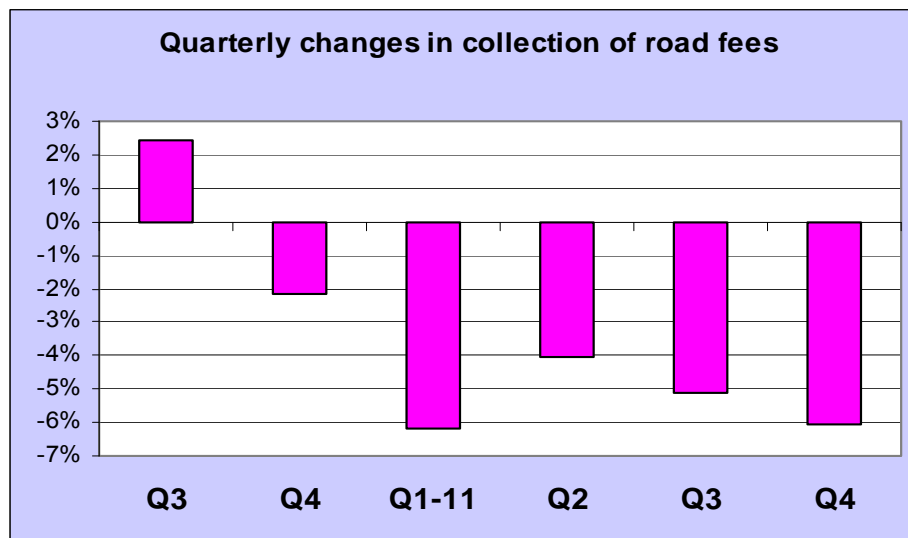


Chart 11

### Conclusion

2011 brought the growth of indirect tax revenue of 4,04%. This is also the year in which the ITA has collected the most revenue since its establishment. The encouraging fact is that it is collected 70 million KM more than in pre-crisis year of 2008.

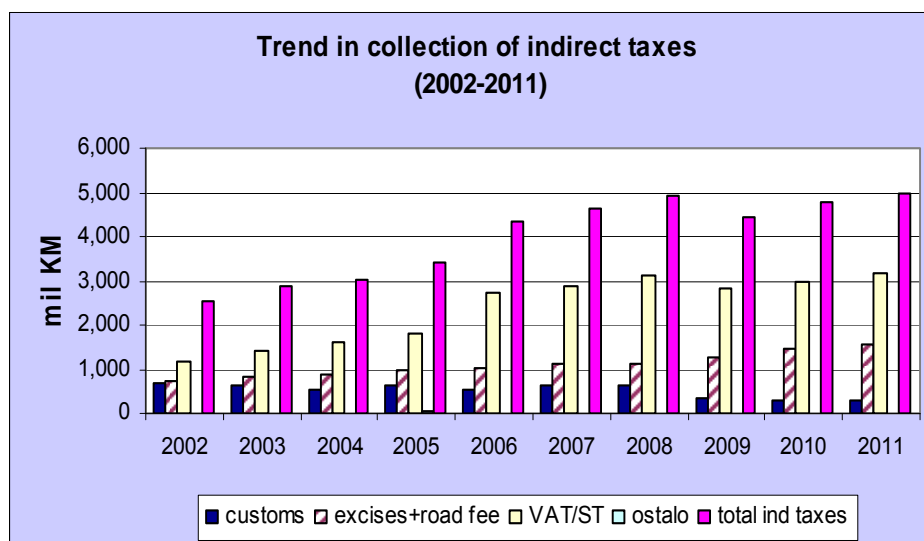


Chart 12

The collection of revenue in 2011 was influenced by the following factors:

- **changes in customs policy:** the continuation of implementation of SAA and abolition of 1% of customs records led to a reduction of revenue from customs duties and VAT;



- **changes in excise duty policy:** continuous increase of special excise duty on cigarettes has brought the additional 117 million KM of excise duties and VAT or 2,44 p.p. of revenue growth;
- **policy of derivative taxation:** different excise treatment and differentiated taxation of derivatives led to a change in consumption structure of energy-generating products and to a reduction of revenue from excise duties, road fees and VAT;
- **increase of refunds and problems with maintaining the liquidity of taxpayers:** both factors have resulted in a decrease in net revenues collected from VAT;
- **efficiency of revenue collection:** changes in the ITA management and comprehensive activities in the area of detection of customs frauds and frauds in VAT refunds have resulted in better financial discipline and compliance by taxpayers;
- **unfavourable trends in B&H economy:** Although the first half of 2011 brought the growth of indirect tax revenue of 5,75%, positive trends have not continued in the second half of the year. Decline in economic activity and a slowdown in the growth of imports and exports were reflected in the revenue from indirect taxes that grew by only 2,55% in that part of the year.

## Manifested trends of key variables on beer market for period 2007 – 2011

(Author: Aleksandar Eskić, Macroeconomist in the Unit)

### Introduction

In this issue, the emphasis will be on the analysis of some of the key variables that are related to the beer market in Bosnia and Herzegovina (BiH) and in the neighboring countries and member countries of the European Union (EU). Indeed, we will touch on the regulatory framework with special emphasis on Bosnia and the EU and its impact on public revenues for the period 2007 - 2011 as well as some of the basic macroeconomic figures in general. As a starting point for this analysis basic figures were used, such as the amount of imported beers, the customs value, the unit price of imported beers and collected excise tax on beer (imported and domestic). Given that the level of excise rate on beer in BiH is 0,20 KM/l and it has not been changed during the analyzed period, the indicator of the total consumption of beer can be easily calculated. Numerous factors affect the size of the total consumption of beer, and we will particularly focus on: the size of imported beer consumption, the level of the unit prices, the size of domestic consumption of beer, the relationship of domestic and imported beers in terms of volume, seasonal influences on the consumption of beer, the level of general inflation and inflation, which refers to a group of alcoholic beverages, trends of the unemployment rate and share of disposable income that is allocated for the consumption of beer, beer price structure as well as some global trends in the beer industry. At the same time we will have in mind the evolution of the regulatory framework with special emphasis on the fiscal aspect as well as their combined effect on the amount of public revenues collected on this base.

In this analysis available data received from the Indirect Taxation were used, and so that year 2008 has been taken as the base year since the total consumption of beer and collected excise duty on beer has reached its peak in that year. Also, it should be noted that the analysis used only data recorded on the following three tariff codes (CN): 2203 00 01 00 2203 00 09 00 and 2203 00 10 00. The common denominator of these three tariff codes is beer made from malt. Since the legislation i.e. the regulatory framework in general lags behind economic realities, goods that are

also considered and treated as a beer are excluded from the further analysis, but are classified under CN code 2206 00 39 00. These products indicate other fermented beverages that are mixed with non-alcoholic drinks. Depending on the amount/volume of ethyl alcohol in them, they are treated differently in terms of taxation; in one case as beer and in other as alcoholic drinks as well.

Regarding the above, the consumption of beer is affected by weather conditions throughout the year, especially during the summer months, the existing degree of development of tourism or it is more accurate to say the number of entries into the country including the time they stay in the country, and religious customs as well as the period of the year when the most important holidays are celebrated<sup>1</sup>.

### Overview of trends in terms of quantity and value of imported beer

Trends of quantity and value of imported beers in the absolute terms are represented with the base indexes on Chart 1. From it is evident that the quantity of imported beer reached its minimum level in 2010, and then rose by more than 4% in 2011 year compared to same period last year. At the same time the value of imported beer was constantly above the level recorded in 2007 and reached its peak in 2011. The highest increase in the value refers to year 2009. The reason for that mainly lies in the fact that prices of basic raw materials required for production of beer have skyrocketed back then. Prices of inputs have continued to grow slightly after 2009, but had a different impact in different countries. Brewers in BiH, in this sense, were somewhat in more favorable position than beer producers in other countries due to unchanged exchange rate BAM to Euro. In other countries, in addition to a real increase in prices of raw materials, manufacturers faced with a negative terms of trade in terms of depreciation of domestic currency against the euro, primarily, and thus were exposed to the additional burden that significantly affected the profitability of the entire industry. On the other hand, the mitigating factor is that nearly all the breweries in Serbia, Croatia and Montenegro were privatized by the world's largest beer producers, which were, due to increase of sale on the other markets, were able to absorb these shocks coming from the outer environment.

If observed the movement of the average value per unit of imported beers (Chart 2 - left scale) it can be seen that it has been constantly growing, from 0.87 KM in 2007 to 0.97 KM in 2009<sup>2</sup>. After that it continues to grow at an average rate of about 1% per year and reaches a maximum of 0.99 KM in 2011. The line of the index of average prices (Chart 2 - right scale) illustrates this phenomenon.

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<sup>1</sup> As for Bosnia and relatively majority of Muslim population, it is important to emphasize that this year and the next few years, the Ramadan fast (when believers avoid consumption of alcoholic drinks) falls during the summer months when beer consumption usually reaches its peak. Precisely because of this fact, local breweries and importers are likely to take action in order survive this anticipated forthcoming period, which will be reflected on the amount of collected public revenues on this basis as well.

<sup>2</sup> Which represents an increase of about 10%.

Chart 1

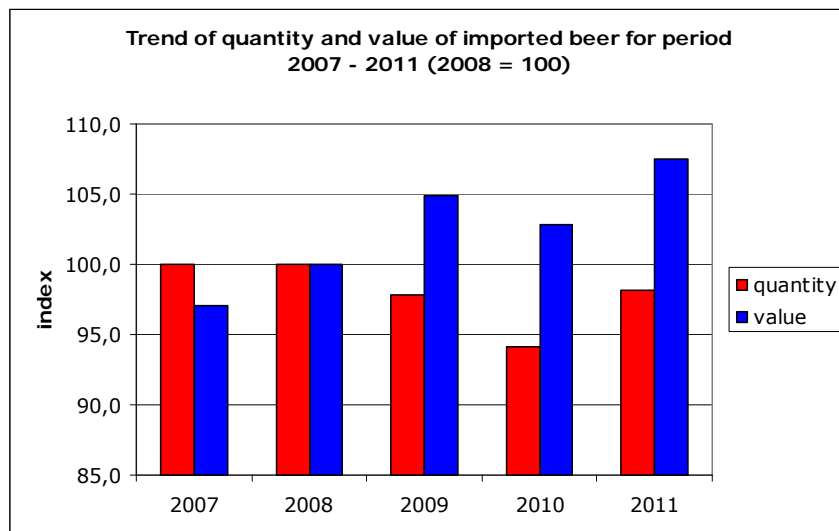
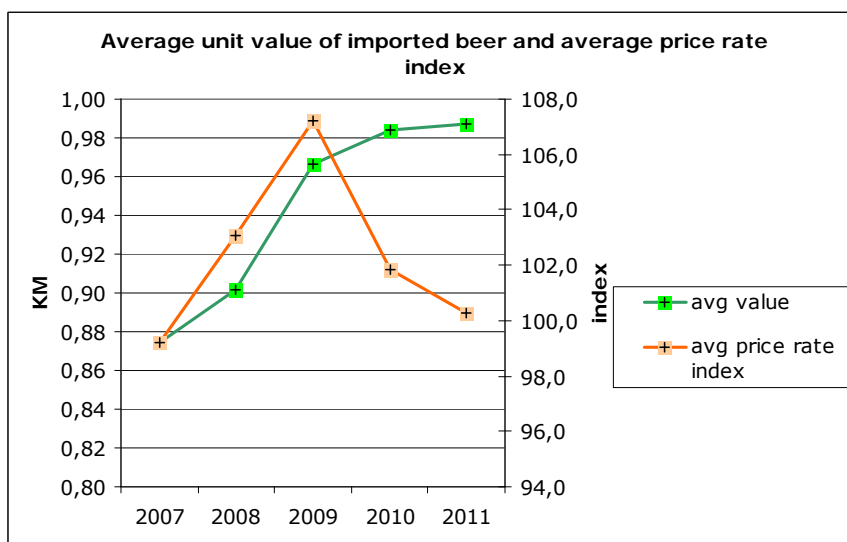


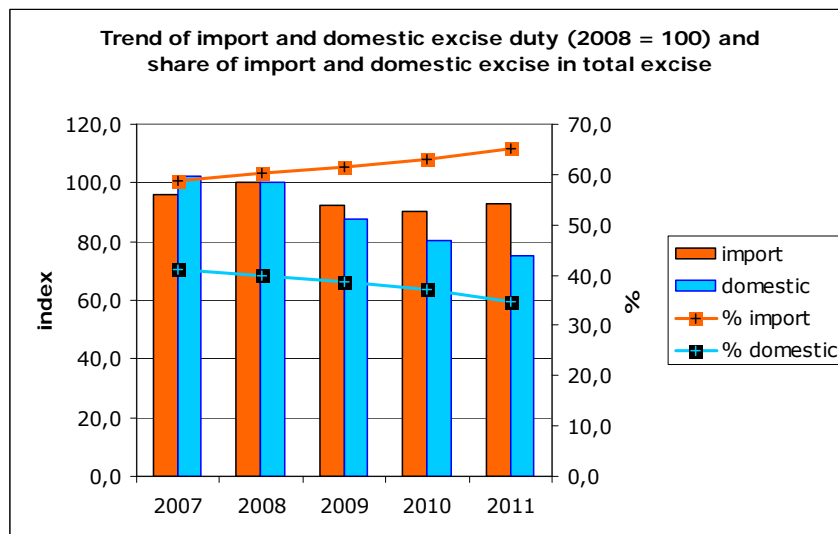
Chart 2



Below is emphasized the trend of collected excise duty on beer; on imported beer as well as on beer produced by domestic breweries. On Chart 3 - left scale is shown the trend of imported and domestic excise with the base index (2008 = 100). It can be clearly seen almost linear decrease of domestic excise from the beginning to the end of analyzed the period.

Unlike the domestic excise, import excise reached its minimum in 2010 (a drop of almost 10% compared to the base year) when it began to slowly recover during the 2011. Nevertheless, the total excise tax collected reached its historical minimum in 2011, which represents a decrease of 14% compared to the base year. Unfavorable position of domestic beer industry is especially evident observing the movement of share of domestic excise in total excise collected. The gap between import and domestic excises are constantly expanding, and from the base 60:40 reached 65:35 in 2011. This suggests that the domestic beer industry is slowly losing pace with foreign competitors that are global market players with greater financial strength, human resources and market portfolio consisting of global brands.

Chart 3



Here the question is what are the consequences of such developments on domestic beer industry and the national economic system in general, as well as what will happen if this trend continues in the future? One of direct consequences of these unfavorable developments for domestic beer industry is decreased production level and, consequently, reduced profitability and partial paralysis of the entire brewing cluster. First of all, it is necessary to emphasize that the local breweries have a relatively long tradition (over 130 years) and multiple award-winning beers at various international festivals awarded for the quality of beer.

The problems they are facing with are numerous, but among the most important are constant increase the share of fixed costs in the unit price due to reduced production volume. This is partly because they have had previously installed capacities significantly higher than those currently used, the constant need for investment in new technologies and innovations, while production and sales continued to decline steadily. Also, very unstable, constantly changing related policies related to labor and employment, with emphasis on the fiscal aspect, do not make it easier for improving the position of domestic producers for sure. Given that unemployment is a "global enemy #1", all relevant decision-makers should have to mobilize their capacities and provide decisive support to the domestic beer industry that is undergoing an extremely difficult period. Among several main reasons for this are certainly because of the fact they are relatively big employers, by which the potential for some new investments would be created and exports as well as the likely new jobs. To illustrate this, the registered unemployment rate has been growing at a rate of 2.5% annually over the past two years<sup>3</sup>. So we have that the registered unemployment rate in late November 2011 was approximately 533 000 which represents an increase of 26 000 people compared to 2009. A direct consequence of this phenomenon is reduced demand which leads to reduced consumption and increased pressure on public and social funds. This in turn leads to reduced revenues for the public funds which is actually a ticket to a vicious circle of poverty. Certainly, the consequences are numerous and are virtually impossible to quantify. But one thing is certain, and that is that all disposable forces should be joined in order to seek ways to reverse manifested trends in favor of domestic producers because of all the benefits and positive effects that domestic production has on the national economic and social system.

<sup>3</sup> Source: Agency for statistics in BiH

Even European legislation<sup>4</sup> recognizes the importance and has special treatment for small, independent producers of beer, if they do not produce more than 200 000 hl of beer per year, thereby giving member states the opportunity to introduce a reduced rate of excise duty, which can be up to 50% lower than the national standard rate. For the need of introduction of reduced rate(s), the term "small, independent breweries" refers to the brewery which is legally and economically independent from any other brewery, which uses facilities and resources that are physically separated from any other brewery and does not operate under the license. Also, if two or more breweries cooperate, and their combined annual production does not exceed 200 000 hl, these breweries may be treated as an "independent small brewery". Member States should ensure that any reduced rate, which is included in their regulatory framework, should be applied equally to all of beer delivered onto their territory by a small independent brewery located in other Member States. In particular, they must ensure that the amount of excise duty on these deliveries does not exceed the excise duty incorporated in their national legislative framework. Also, Member States may apply reduced rate(s) (that is less than the minimum national rate) on beer with the actual alcohol content not exceeding 2.8%.

Practice shows that many EU member states took advantage of this opportunity and thereby considerably improve the domestic beer market and performance of local economies where these small producers realize most of their sales. Certainly they are important part of national treasure due to the centuries-long tradition (such as in Germany and Czech Republic) as well as significant support to continental tourism. In fact, both above mentioned EU member states have 5 reduced rates, depending on the volume of production of these small brewers.

Likewise, the example of Portugal is more than interesting. Portugal addressed to the EU Council on May 30, 2007<sup>5</sup> asking for a derogation of Article 90 of the Treaty in order to apply excise rate on beer that is lower than the national minimum rate in accordance with Directive 92/84/EEC for beer produced in the region of Madeira, in cases where annual production of local breweries does not exceed 300 000 hl. Conditions in terms of a ceiling of 200 000 hl is not sufficient to neutralize the effects that breweries in Madeira face with due to geographic and economic conditions of the market in that region.

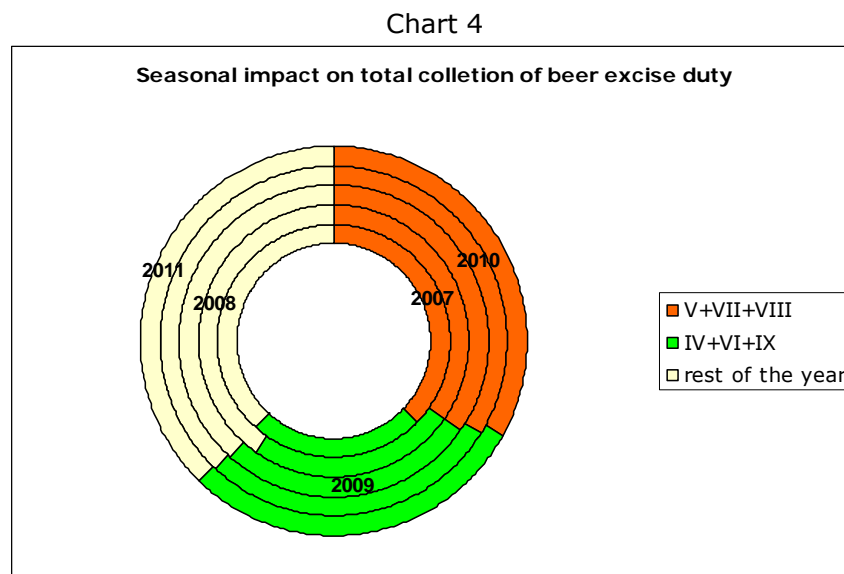
The main reason for this is to allow beer manufacturers whose production exceeds 200 000 hl to be in a sufficiently strong position to cope with competitors whose manufacturing facilities are located outside of Madeira. Otherwise, their share in the local market would slowly diminish as a result of strong competition primarily foreign breweries. After exceeding the threshold of 200 000 hl, they would cease to be treated as a small, but they would still be small compared with the large national and multinational breweries with which they compete in the market. It is therefore essential for the continued survival of local industries. The decision applies until December 31, 2013. Analogous to the previously mentioned, BiH can establish a legal institute of small, independent breweries whose production does not exceed 500 000 hl in the first year of introduction of this institute. If we consider that the country is still not a member of the EU and is consequently not required to strictly adhere to restrictions that apply to member states. But also, it is possible to gradually reduce the threshold for example, by 50 000 hl every year and after six years it would meet the condition of a maximum of 200 000 hl for small, independent producers of beer. In doing so, the amount of excise duty for small, independent manufacturer of beer may remain at existing level because it is truly prescribed by the Directive 92/84/EEC provided for a minimum amount of excise duty of 0.935 Euros per liter of beer with alcohol content of 5%, which corresponds approximately to the level of the existing excise duty of 0.20 KM/l commonly used beer. For producers that exceed this threshold, which would be lowered each year, as well as importers a higher rate i.e. standard national rate would be applicable which would be calculated

<sup>4</sup> Directive 92/83/EEC, article 4., 19.10.1992.

<sup>5</sup> COUNCIL DECISION - authorizing Portugal to apply a reduced rate of excise duty on locally produced beer in the autonomous region of Madeira (2008/417/EC)

by revalorization of existing rate of 0.20 KM/l with the inflation rate for the previous period<sup>6</sup>. This would certainly protect the interests of small, independent breweries, that is fully in accordance with existing legal practices in the EU, and therefore economic and social interests of BiH as a country.

Another characteristic of beer market is that the seasonal impact is strongly expressed. Beer market in BiH is no exception which can be clearly seen on Chart 4. Analyzing the period of five years (2007-2011) it shows that the participation of selected three months (May, July and August) participate almost equally in the annual consumption of beer in each of selected years (ranging from the level of 33% to 35%).



If we add on top of that another three months (April, June and September) it can be seen that they account for over 60% of the total annual consumption of beer in BiH. In addition, according to available data revenues from excise duties on beer account for only 3.3% of the total revenues collected on the basis of excise duties in BiH which is significantly below the weighted average at EU level that amounts of about 10%. And apart the very modest consumption of 50-60 liters of beer per capita, one of the key reasons is certainly a very low rate of excise duty on beer in comparison to other European countries.

<sup>6</sup> The Council asked the Commission on April 04, 2005 to develop a proposal to adjust the minimum rates of excise duties in order to avoid the decline in real value of the minimum rate in the Union, giving the transition period and a space for possible derogations for those Member States that may face difficulties in increasing their rates (COM (2004) 223). In this sense, it is proposed to take an objective criterion expressed as a percentage of the required increase of the existing excise duty in order for national rate to reach a "new" minimum. Having assessed their position (as well as member countries), the Commission proposes to amend Directive 92/84/EEC with the following provision:

♣ To revalorize (index) minimum rate on beer with the general rate of inflation for the period 1993 to 2005, which amounts to 31%, which would apply from the beginning of 2008 (based on Eurostat data and the annual rate of price change HICP - Harmonized Index of Consumer Prices - for the period 1993 to 2005 it was 31% at the level of the whole Union).

## Foreign trade exchange in period January-December 2011, an overview

(prepared by: Mirela Kadić)

In 79th issue of OMA bulletin we provide a brief overview of annual foreign trade exchange. For the purposes of review we will use the data for the previous five years, where the years of 2007 and 2008 are presented as pre-crisis years, and 2009, 2010 and 2011 as years with the first signs of the crisis and the first signs of a recovery. Figure 1 presents the absolute value of imports and exports, and the percentage values of coverage of import by export for the previous five years.

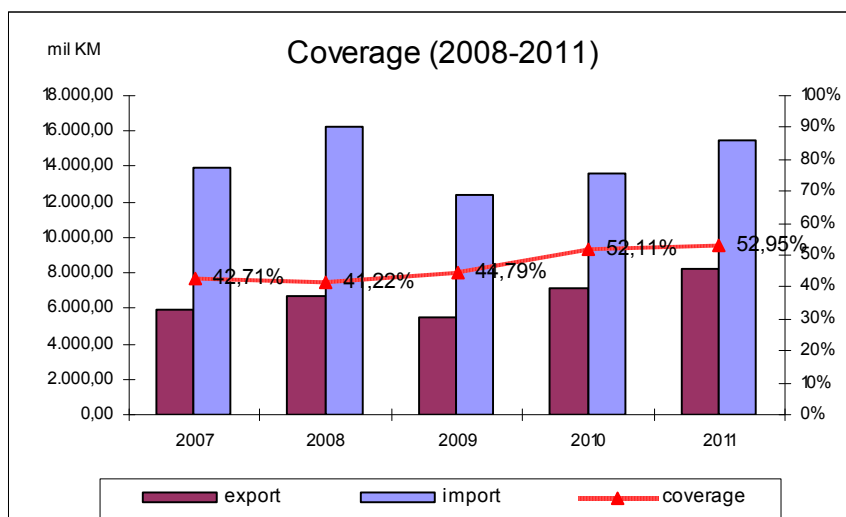


Chart 1

Value of exports for 2011 is the highest value recorded in the last five years, while import value for 2011 has not yet exceeded the value of 2008. This year, we also record the excellent coverage of imports by exports, even 52.95% per annum which is more than the coverage reported in 2006, the year VAT was implemented.

In 2011 the highest monthly value of exports has been recorded, even 732 million (Chart 2), and the highest monthly coverage, 64.63% in January 2011.

	2008/2007	2009/2008	2010/2009	2011/2010
<b>Export</b>	13,09%	-17,62%	28,28%	15,87%
<b>Import</b>	17,18%	-24,18%	10,26%	14,02%
<b>Deficit</b>	20,23%	-28,78%	-4,36%	12,02%
<b>Volume</b>	15,96%	-22,26%	15,84%	14,65%
<b>Coverage</b>	-3,49%	8,65%	16,35%	1,62%

Table 1

Exports in 2011 increased by 15.87% and imports by 14.02% compared to the same period of the previous year. The deficit has increased by 12.02% and volume by 14.65%. The coverage of imports by exports in 2011 increased by 1.62% and is now 52.95% (Chart 1).

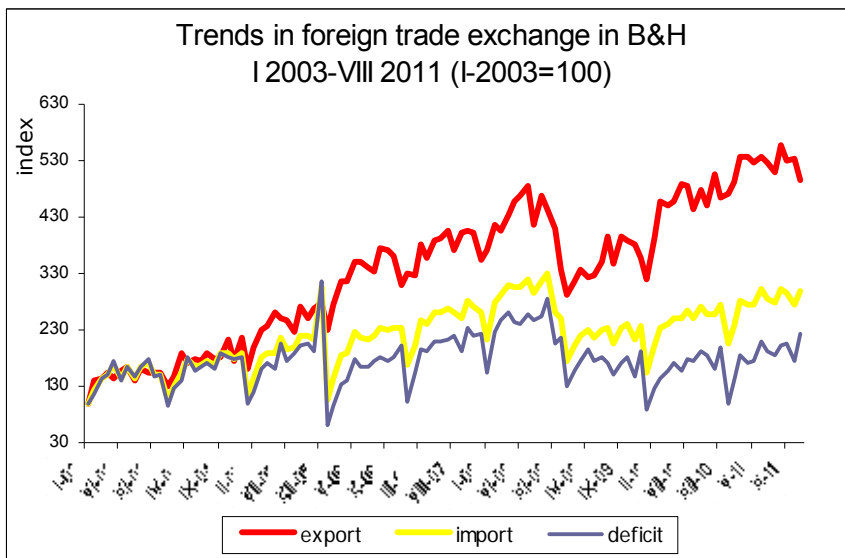


Chart 2

Figures 3 and 4 show trends of exports and imports by months for the past four years, and by radar chart gives the surface of the annual value of exports and imports.

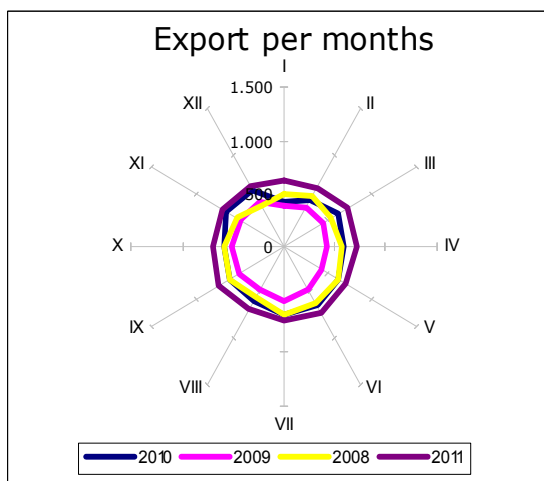


Chart 3

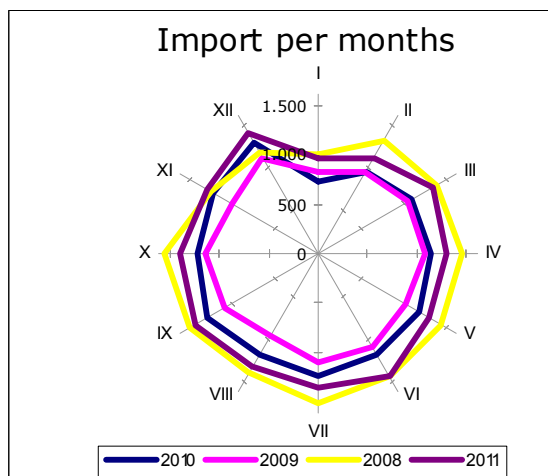


Chart 4

Chart 5 represents ten most significant export products and their rates of growth for 2011. Annual (average) growth rate, as mentioned above, was 15.87%. Group of products 'prepared foodstuff' (23.9%), chemicals (16.76%), wood and wood products (18.91%), base metals (20, 24%), machinery and appliances (17.06%) and transportation equipment and parts thereof (22.68%) grew more than the average.



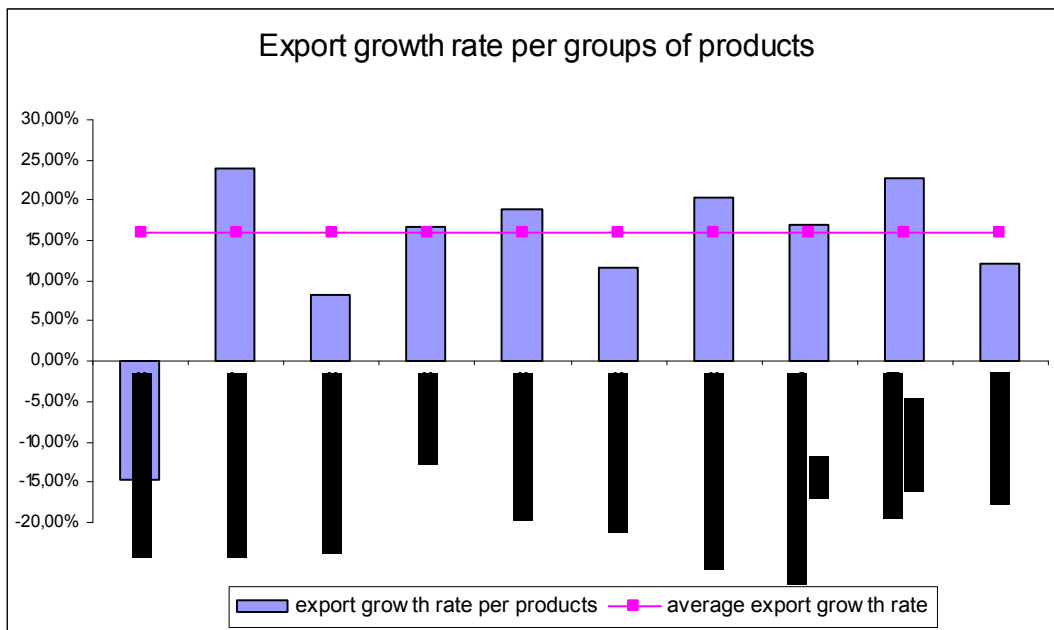


Chart 5

Negative growth was recorded within a group of 'vegetable products' (-14.77%). Chart 6 shows a distinct tariff group 10 'cereals', ie data on imports, exports and coverage for the period from January 2003 to December 2011.

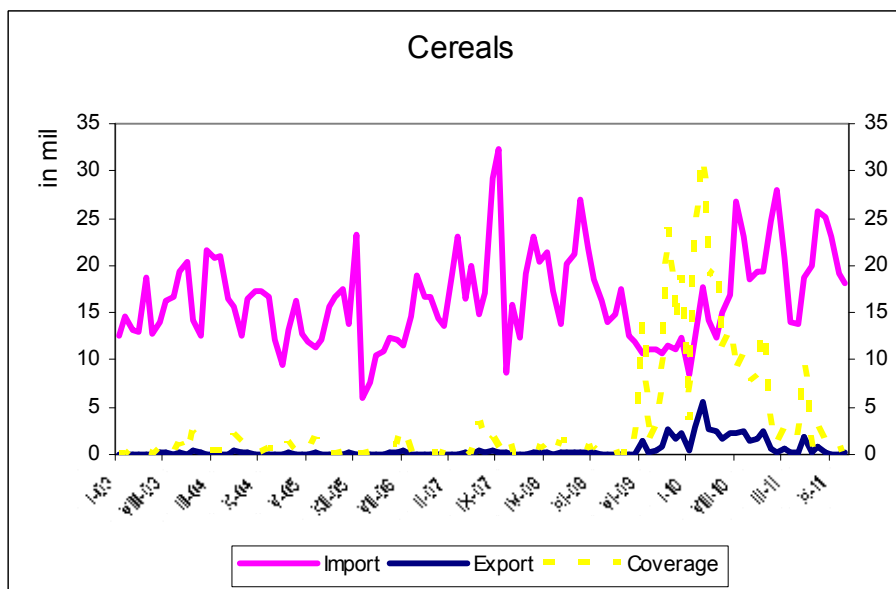


Chart 6

The dashed yellow curve indicates extremely low coverage until the second half of 2009 when export inexplicably rapidly grows, and thus increases the coverage even to about 30% in the spring of 2010. In 2011 values of exports of cereals are returning to 'normal' state, so negative value growth in 2011 for the group 'vegetables products' can be explained by this phenomenon.

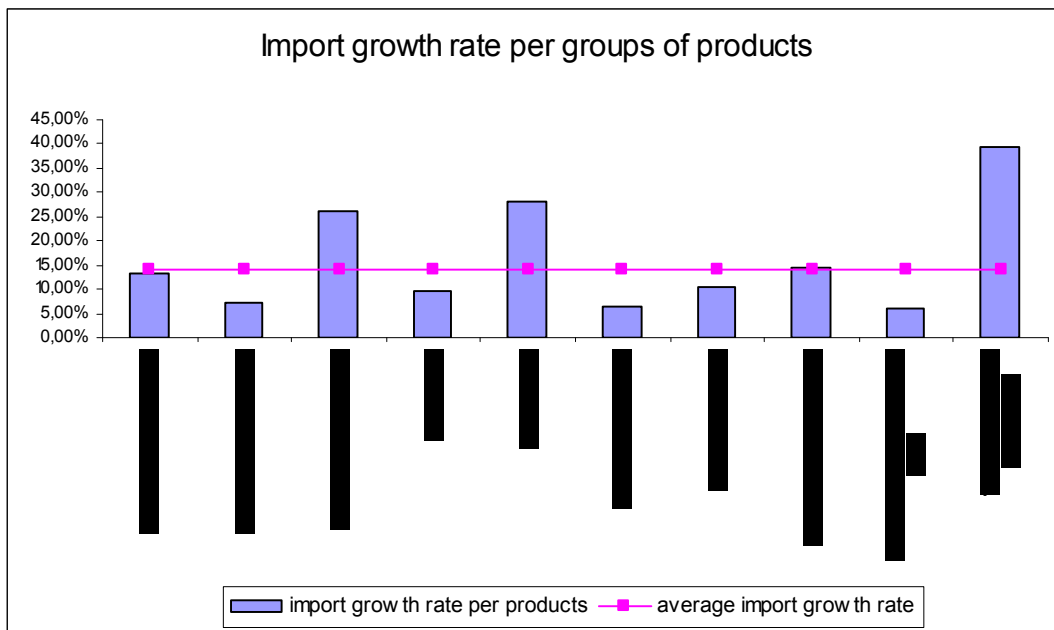


Chart 7

On the other hand, in Chart 7 import growth rates for individual products are reported. We note that none of the presented group has recorded a negative growth rate. The highest growth was recorded in the product group 'transportation equipment' (39.47%), followed by product group 'hides and skin' (28.23%), and products of mineral origin (25.98%).

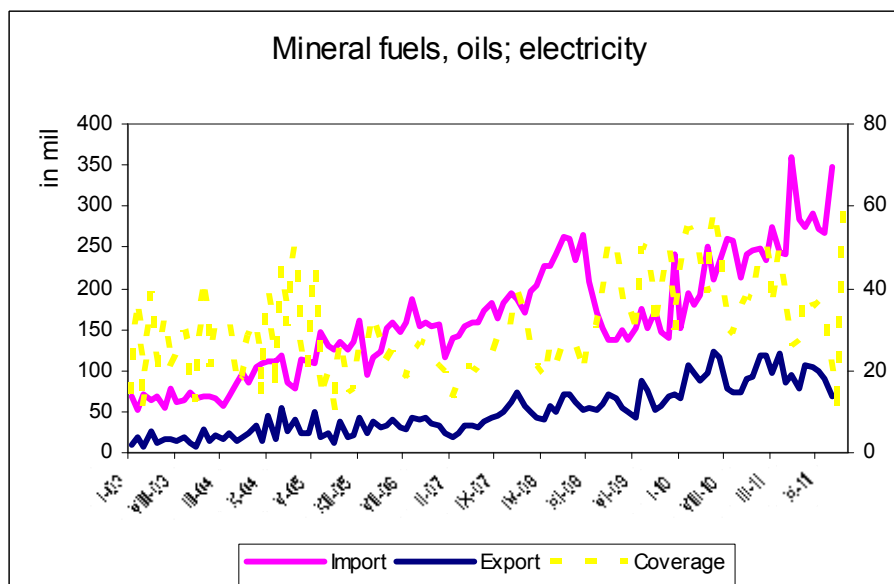


Chart 8

Table 2 presents the 15 most important tariff groups, their volume, balance of trade, the share of exports and imports, and export-import coverage ratio. A criterion for selection of these 15 products is their share in the overall volume of trade. The largest share in the total volume of trade exchange of Bosnia and Herzegovina with abroad goes on tariff group 27 'mineral fuels,

mineral oils, electricity', even one fifth of the total volume. This group is also the largest generator of trade deficit, with even 2.16 billion KM in 2011, which is up to nearly 30% of the total deficit.

In Chart 8, we record distinguished previously mentioned tariff group 27 'mineral fuels, mineral oils, electricity', and its value of imports, exports and imports coverage by exports.

The largest surplus was recorded within the tariff group 'furniture' (about 573 million KM), where also the highest export-import coverage ratio has been recorded.

			Volume	Balance	Share in volume	Coverage	Share in export	Share in import
No.	Tariff no.	TOTAL I-XII 2011	23.746.672	-7.304.185	100%	52,95%	100%	100%
			(u 000 KM)	(u 000 KM)				
1	27	Mineral fuels, oils, electricity	4.519.026	-2.162.455	19,03%	35,27%	14,33%	21,52%
2	72	Iron, steel, articles thereof	1.922.714	244.222	8,10%	129,10%	13,18%	5,41%
3	84	Machinery, appliances, parts thereof	1.658.944	-539.264	6,99%	50,94%	6,81%	7,08%
4	87	Vehicles, (not railway, tramway)	1.085.434	-719.729	4,57%	20,26%	2,22%	5,81%
5	85	Electric machinery, equipment and parts	1.026.418	-515.833	4,32%	33,11%	3,11%	4,97%
6	94	Furniture	924.761	573.431	3,89%	426,43%	9,11%	1,13%
7	76	Aluminum and articles thereof	902.220	438.982	3,80%	289,53%	8,16%	1,49%
8	39	Plastics and articles thereof	787.807	-474.951	3,32%	24,78%	1,90%	4,07%
9	64	Footwear, gaiters and the like	697.639	212.452	2,94%	187,58%	5,53%	1,56%
10	44	Wood and articles of wood	666.671	333.791	2,81%	300,55%	6,08%	1,07%
11	28	Inorganic chemicals	626.597	150.385	2,64%	163,16%	4,73%	1,53%
12	30	Pharmaceuticals	533.635	-365.575	2,25%	18,69%	1,02%	2,90%
13	48	Paper & paperboard	499.765	-76.323	2,10%	73,50%	2,58%	1,86%
14	41	Raw hides and skins	413.503	-174.892	1,74%	40,55%	1,45%	1,89%
15	17	Sugars and sugar confectionary	376.918	-147.042	1,59%	43,87%	1,40%	1,69%
		Total (15 products)	16.642.051	-3.222.801	70,08%	67,55%	81,61%	63,98%
		Other	7.104.621	-4.081.383	29,92%	27,03%	18,39%	36,02%

Table 2

In the period January-December 2011, compared with the same period of the previous year, the following trends in foreign trade exchange of Bosnia and Herzegovina with abroad have been recorded:

- **Export growth rate 15,87%**
- **Import growth rate 14,02%**
- **Overall trade volume growth 14,65%, deficit growth 12,02%**
- **Export-import coverage ratio 52,95%**

## Consolidated reports

(Authors: Aleksandra Regoje and Mirela Kadić)

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

The preliminary 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.

Report doesn't include unadjusted revenues collected on ITA SA.

### Table 2 (Consolidated report: Central government)

Preliminary consolidated report includes:

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

Foreign financed project data are not included.

### Table 3 (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: B&H, entities and SA, I-XII 2011**

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
<b>Revenues</b>	<b>409,1</b>	<b>387,7</b>	<b>484,9</b>	<b>460,3</b>	<b>478,9</b>	<b>537,9</b>	<b>527,1</b>	<b>530,8</b>	<b>554,3</b>	<b>524,4</b>	<b>481,3</b>	<b>517,8</b>	<b>5.894,5</b>
Taxes	383,4	362,1	440,3	413,0	451,0	503,1	468,4	469,2	486,8	455,8	462,2	485,6	5.380,7
Indirect taxes	366,1	338,5	387,3	373,0	419,3	464,9	438,8	439,8	458,6	428,2	433,8	446,6	4.994,7
VAT	237,7	222,1	230,2	247,6	249,5	275,9	261,9	284,7	294,7	278,4	278,9	286,0	3.147,5
VAT on imports	138,3	180,4	210,4	204,1	202,2	227,2	218,3	220,3	228,6	222,0	214,8	246,0	2.512,6
VAT from VAT returns	149,5	115,6	98,3	108,2	117,9	118,2	109,7	131,6	137,2	123,0	130,8	126,1	1.466,2
VAT from automatic assessment done by ITA	0,0	0,1	0,1	0,1	0,1	0,3	0,0	0,1	0,0	0,0	0,1	0,1	1,0
One-off VAT payments	0,3	0,2	0,3	0,1	0,1	0,0	0,1	0,1	0,1	0,0	0,1	0,1	1,4
Other	2,7	2,6	3,0	2,6	2,4	2,5	1,6	3,8	3,4	2,7	3,6	3,7	34,4
<b>VAT refunds</b>	<b>-53,1</b>	<b>-76,8</b>	<b>-81,9</b>	<b>-67,4</b>	<b>-73,2</b>	<b>-72,4</b>	<b>-67,9</b>	<b>-71,3</b>	<b>-74,6</b>	<b>-69,3</b>	<b>-70,4</b>	<b>-90,0</b>	<b>-868,2</b>
Custom duties	15,5	20,9	26,5	23,9	24,1	24,9	25,1	26,7	27,1	23,4	20,7	22,2	281,0
Excises	93,2	76,4	107,8	79,2	118,0	138,2	124,1	98,7	108,3	100,3	107,7	114,7	1.266,8
on imports	60,6	54,1	70,7	52,3	80,2	92,9	74,4	75,9	62,6	61,2	64,7	70,1	819,6
on domestic production	32,6	22,3	37,1	27,0	37,8	45,4	49,7	22,9	45,7	39,1	43,0	44,6	447,2
Railroad tax	21,2	19,0	22,3	22,6	26,5	24,9	26,4	28,5	27,8	24,9	25,1	23,0	292,2
Other	1,5	1,3	1,4	1,6	2,2	2,0	1,8	1,8	1,7	1,7	2,3	1,7	21,0
<b>Other refunds</b>	<b>-3,1</b>	<b>-1,2</b>	<b>-0,9</b>	<b>-1,9</b>	<b>-1,0</b>	<b>-1,0</b>	<b>-0,5</b>	<b>-0,6</b>	<b>-0,9</b>	<b>-0,6</b>	<b>-0,9</b>	<b>-1,0</b>	<b>-13,6</b>
Direct taxes	17,3	23,6	53,0	40,0	31,6	38,1	29,6	29,4	28,2	27,7	28,4	39,0	386,0
Profit tax revenues	8,7	10,7	35,1	23,6	13,5	20,0	12,4	11,0	11,1	10,6	11,0	15,9	183,6
Income tax revenues	8,1	12,1	16,9	15,5	17,2	17,2	16,3	17,4	16,3	16,0	16,5	22,0	191,5
Other direct taxes	0,6	0,8	1,0	0,9	0,9	0,9	1,0	1,0	0,9	1,0	0,8	1,0	10,9
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	23,8	24,3	41,0	46,5	27,5	33,2	33,6	29,4	34,0	39,2	18,6	29,9	380,9
Grants	1,9	1,3	3,6	0,9	0,4	1,6	0,2	1,1	3,5	0,3	0,6	2,3	17,6
Other revenues	0,0	0,0	0,0	0,0	0,0	0,0	25,0	31,2	30,0	29,0	0,0	0,0	115,2

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Expenditures	393,2	372,1	492,6	522,1	461,7	509,0	531,3	489,6	544,3	515,0	500,6	650,5	5.982,0
Wages and compensations	118,2	118,8	150,3	130,5	131,4	131,2	142,4	127,4	131,3	135,0	132,1	134,2	1.582,8
Purchases of goods and services	9,9	14,1	19,2	23,2	26,3	31,2	22,3	26,7	27,9	30,6	30,1	78,0	339,4
Subsidies and transfers	89,2	83,7	142,8	182,8	105,9	113,5	138,2	112,5	128,6	137,8	143,2	204,3	1.582,5
Interests (domestic and foreign)	3,3	5,9	9,2	4,7	10,3	19,8	8,2	8,6	21,0	7,3	11,2	20,9	130,4
Interests on foreign debt	3,3	4,6	8,2	3,9	10,3	18,1	3,5	8,6	10,1	6,2	9,7	20,3	106,6
Interests on domestic debt	0,0	1,4	1,0	0,8	0,0	1,7	4,7	0,0	10,9	1,1	1,6	0,6	23,8
Other current expenditure	2,9	3,4	11,8	15,4	16,4	18,5	14,0	12,6	3,4	12,0	12,1	35,7	158,1
Capital expenditures	0,2	0,4	1,0	1,3	2,6	12,6	3,1	7,4	26,7	6,1	5,7	10,9	78,0
Other expenditures	4,2	2,7	6,8	8,0	7,5	10,1	6,0	5,0	-3,4	8,7	11,2	8,3	75,1
SA transfers	166,9	144,5	165,0	160,1	173,9	187,8	198,9	190,5	235,4	177,0	173,1	161,2	2.134,2
Net lending and capital gains	-1,5	-1,5	-13,5	-4,1	-12,5	-15,6	-1,7	-1,2	-26,5	0,5	-18,0	-2,9	-98,3
Balance	15,9	15,6	-7,7	-61,7	17,2	28,9	-4,2	41,3	10,0	9,4	-19,3	-132,7	-87,5
Financing	-15,9	-15,6	7,7	61,7	-17,2	-28,9	4,2	-41,3	-10,0	-9,4	19,3	132,7	87,5

Table 1

**Preliminary consolidated report: Central government, 2011**

	Q1	Q2	Q3	Q4	Total
<b>Revenues</b>	<b>1.251,9</b>	<b>1.455,7</b>	<b>1.561,9</b>	<b>1.524,2</b>	<b>5.793,7</b>
Tax revenue	1.110,8	1.288,5	1.315,0	1.335,6	5.049,9
Indirect taxes	939,3	1.088,5	1.149,4	1.158,3	4.335,5
Direct taxes	171,6	200,0	165,6	177,3	714,4
Profit tax	78,9	88,1	58,0	60,6	285,6
Income tax	84,5	103,7	101,4	108,1	397,8
Other direct taxes	8,2	8,2	6,1	8,6	31,0
Social contributions	0,0	0,0	0,0	0,0	0,0
Nontax revenue	133,8	162,8	155,0	155,8	607,4
Grants	7,3	4,4	5,7	3,8	21,1
Other revenues	0,0	0,0	86,2	29,0	115,2
<b>Expenditures</b>	<b>1.210,8</b>	<b>1.466,9</b>	<b>1.434,5</b>	<b>1.766,8</b>	<b>5.879,0</b>
Gross wages and compensations	672,7	683,8	687,0	700,8	2.744,4
Purchases of goods and services	87,1	132,4	123,8	229,2	572,5
Subsidies and transfers	379,6	504,4	480,6	634,9	1.999,5
Interest payments	19,9	36,6	39,5	41,3	137,2
Foreign	16,5	33,1	22,9	37,0	109,4
Domestic	3,4	3,5	16,6	4,3	27,8
Other current expenditure	46,6	84,6	67,4	108,8	307,4
Capital expenditure	8,3	32,4	46,1	57,4	144,2
Other expenditure	13,8	25,6	14,0	21,7	75,1
Net lending and capital gains	-17,1	-32,9	-23,8	-27,4	-101,2
<b>Balance</b>	<b>41,1</b>	<b>-11,2</b>	<b>127,4</b>	<b>-242,6</b>	<b>-85,3</b>
<b>Financing</b>	<b>-41,1</b>	<b>11,2</b>	<b>-127,4</b>	<b>242,6</b>	<b>85,3</b>

Table 2

## Bosnia-Podrinje Canton, I-XI 2011

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	I-XI 2011
<b>1 Revenues (11+12+13+14)</b>	<b>3.697.249</b>	<b>2.791.961</b>	<b>3.071.111</b>	<b>2.847.705</b>	<b>3.319.509</b>	<b>3.217.450</b>	<b>3.542.475</b>	<b>3.363.352</b>	<b>3.564.566</b>	<b>3.161.509</b>	<b>6.171.320</b>	<b>38.748.208</b>
11 Tax revenues	2.458.008	2.272.590	2.579.410	2.473.520	2.751.851	2.753.520	3.144.966	2.857.088	3.148.702	2.719.760	2.660.601	29.820.016
Income and profit tax	185.229	231.726	260.066	266.829	254.359	288.785	293.240	273.934	293.877	239.902	262.115	2.850.063
Property tax	36.696	57.396	17.098	18.943	32.594	16.238	17.212	38.266	7.930	27.894	22.722	292.988
Indirect taxes	2.236.037	1.983.262	2.302.100	2.187.529	2.464.619	2.448.225	2.834.328	2.544.691	2.846.677	2.451.748	2.375.496	26.674.711
Other taxes	45	205	147	219	279	272	186	198	218	216	269	2.254
12 Non-tax revenues	333.662	249.238	296.102	256.423	257.152	276.204	287.414	316.831	340.030	286.400	316.411	3.215.868
13 Grants	897.894	266.564	187.133	113.492	307.750	170.457	96.765	182.074	66.584	132.532	3.179.487	5.600.731
14 Other revenues	7.686	3.569	8.466	4.271	2.756	17.269	13.329	7.360	9.250	22.816	14.822	111.593
<b>2 Expenditures (21+22)</b>	<b>2.785.359</b>	<b>3.139.473</b>	<b>3.183.829</b>	<b>3.612.525</b>	<b>3.019.952</b>	<b>3.691.253</b>	<b>4.276.673</b>	<b>3.209.077</b>	<b>3.311.687</b>	<b>4.658.316</b>	<b>5.465.960</b>	<b>40.354.102</b>
21 Current expenditures	2.785.359	3.139.473	3.182.929	3.612.525	3.020.200	3.691.253	4.276.673	3.209.077	3.311.687	4.658.316	5.466.040	40.353.531
Gross wages and compensations	1.806.673	1.845.386	1.884.689	1.874.802	1.847.800	1.844.746	1.778.089	2.027.603	1.827.167	1.836.360	1.925.258	20.498.574
Purchases of goods and services	250.893	490.418	380.919	350.159	301.222	285.043	375.387	265.136	316.587	412.447	505.516	3.933.726
Grants	679.792	803.295	916.989	1.387.276	870.937	1.561.250	2.079.686	916.194	1.167.825	2.409.432	3.035.228	15.827.903
Interests	48.001	373	332	288	242	214	43.511	145	108	77	37	93.328
Transfers to lower budget units	0	0	0	0	0	0	0	0	0	0	0	0
22 Net lending*	0	0	900	0	-249	0	0	0	0	0	-80	571
<b>3 Net acquisition of nonfinancial assets</b>	<b>16.181</b>	<b>38.022</b>	<b>73.619</b>	<b>131.687</b>	<b>58.399</b>	<b>190.014</b>	<b>179.208</b>	<b>147.286</b>	<b>173.363</b>	<b>121.142</b>	<b>304.750</b>	<b>1.433.671</b>
<b>4 Government surplus/deficit (1-2-3)</b>	<b>895.709</b>	<b>-385.534</b>	<b>-186.337</b>	<b>-896.506</b>	<b>241.159</b>	<b>-663.818</b>	<b>-913.406</b>	<b>6.989</b>	<b>79.516</b>	<b>-1.617.949</b>	<b>400.611</b>	<b>-3.039.566</b>
<b>5 Net financing **</b>	<b>-144.272</b>	<b>-14.754</b>	<b>-14.623</b>	<b>-14.291</b>	<b>-14.291</b>	<b>-14.185</b>	<b>-152.815</b>	<b>-14.472</b>	<b>-14.391</b>	<b>-15.341</b>	<b>-14.757</b>	<b>-428.192</b>

Table 3