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

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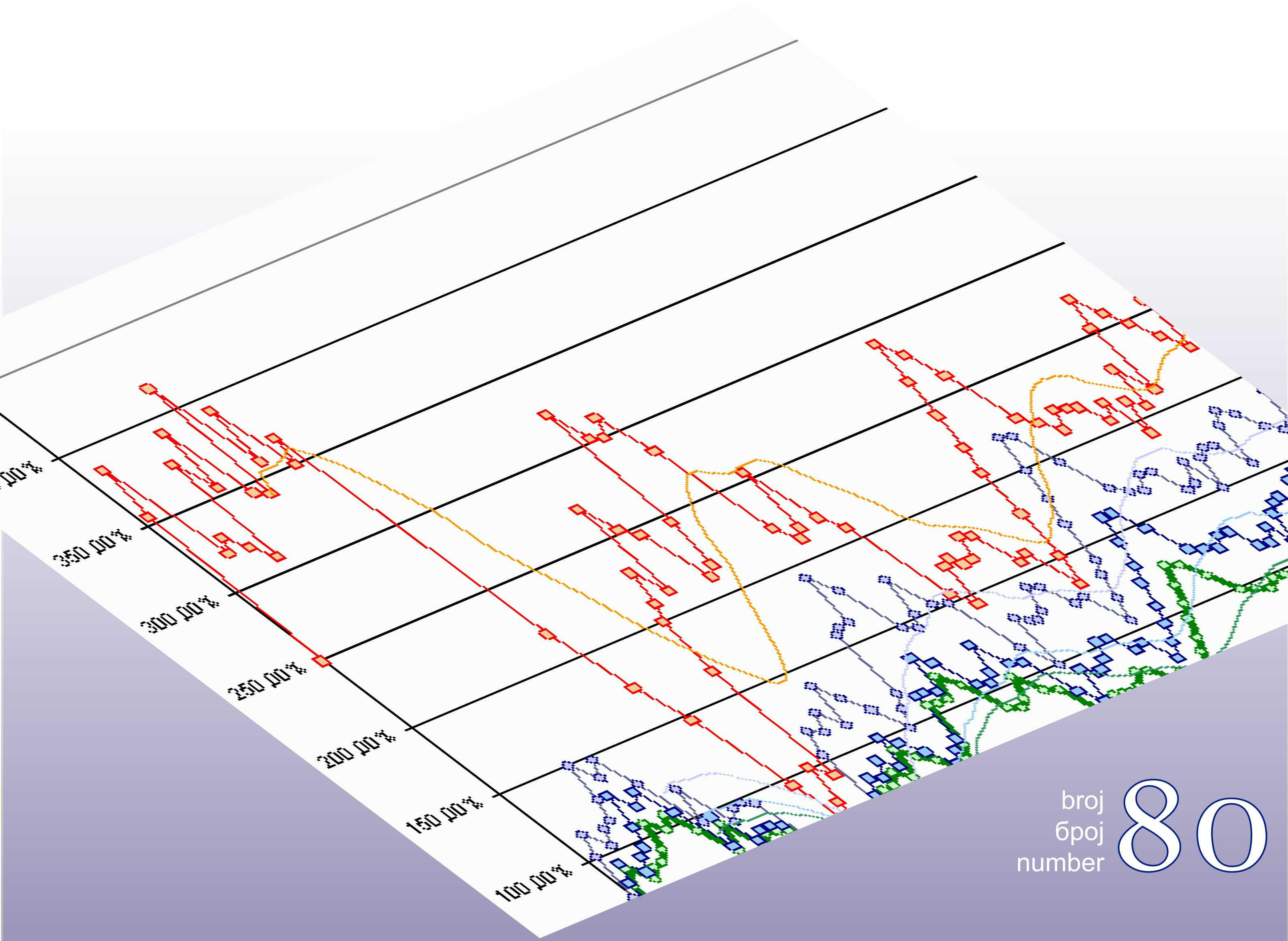

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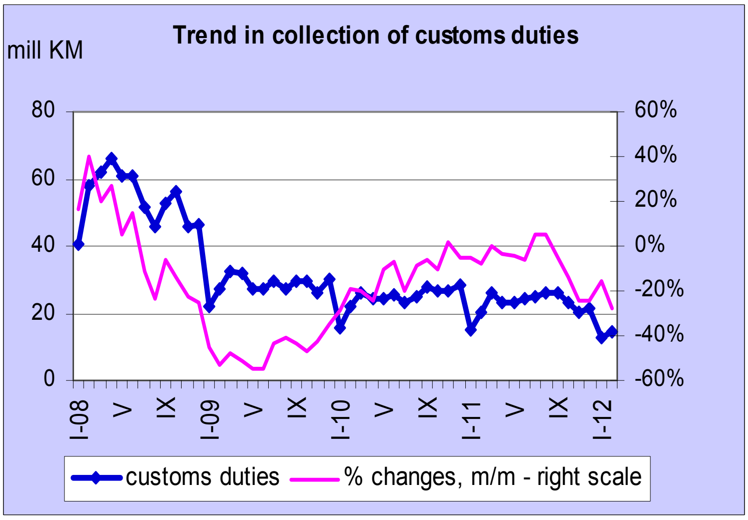
With this issue

When making projections of indirect taxes the numerous of inputs are taken into account, from macroeconomic projections, current and historical trends in revenue collection, consumer preferences, policies of companies, to the announcement of policy changes. No one could certainly have expected that the weather conditions in February would significantly affect the execution of revenue collection projections. According to the preliminary report, the ITA collected 318,454 mil BAM of net indirect taxes, after the deduction of refunds, which is for 6,95% below the collection in the same month of 2011. Bad collection in February caused the total indirect tax collection in the first two months to be for 2,3% lower than in the same period of 2011.



Weaker collection in February is mostly the result of reduced imports and domestic sales in B&H due to the snow disasters. The drop in imports increased the decline in customs revenue, which was expected due to changes in customs policy. The effects of changes in customs policy have strongly influenced the reduction in customs revenues in the last four years (see chart). Reduction or abolishment of customs duties was mostly pronounced in the first two years of the implementation of the Stabilisation and Association Agreement with the EU, when the most of the products had been comprised, while the reduction of revenues was gradual in the next two years. However, the abolition of customs records of 1% which entered into force in October 2011 led to a significant decrease of revenue from customs in the fourth quarter and in January 2012, while the decline in February have been additionally pronounced due to the reduction of imports. Stronger decline in revenue from customs duties on the basis of the abolition of customs records will last until October 2012. Regarding the poor start of 2012 in terms of revenue collection it is necessary to consider carefully any initiative which would lead to the reduction in revenue from indirect taxes. In this issue we give analysis of the initiative for change in fuel excise policy.

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Taxation of energy products in B&H
(Author: Dinka Antić, PhD)

Introduction

The attention of the public was focused again on excise taxation of energy products by the strong growth in oil prices in the market of B&H, due to political crisis in the Middle East, and initiatives for significant increase of standard VAT rate. Transportation companies, faced with the rise of input costs, require a reduction in excise burden. On the other hand, there are initiatives to increase the standard rate of VAT. The increase in VAT rate and excise duty in a different way affects the amount of retail prices. Excise duties on oil derivatives are fixed and they belong to specific taxes which do not change with changing prices before the taxation. Excise burden measured by the ratio of retail price decreases with the price increase. Given that VAT belongs to *ad valorem* taxes, any increase in VAT rates, keeping the same price before taxation, leads to the increase in retail prices. To what extent the increase in VAT rates increases the price depends on the nature of the products or services that are taxed by VAT. In the case of local goods or goods supplied by monopolists the overall tax incidence will be borne by the ultimate consumer – a buyer who has no way to bridge the additional tax burden. If the good has the price elasticity the taxpayer may decide if there is enough room, to bear the part of tax incidence on burden of margins or profits. Trends in oil derivatives consumption in recent years have shown that consumption of petrol used mostly by the citizens in a time of reduced economic activities fluctuated more than the consumption of diesel, which implies that the oil distributors, in the case of a VAT increase, cannot the tax incidence fully passed on to the final consumer. Although VAT, given the application of a credit method for a deduction of input tax, does not represent the element of cost for taxpayers and does not burden the profit, still has a negative impact through higher retail prices on sales in final consumption to citizens, small firms, public sector institutions and others who are not in the VAT system. In addition to fiscal, economic and social implications, given the European path, B&H should consider each initiative in the sphere of indirect tax policy in the light of taking over the liabilities from *acquis* and dynamics of harmonization with EU standards.

Policy of excise duties on energy products in the EU

Policy of excise duties on energy products (oil derivatives, gas, electricity, coal and coke) in the EU is regulated by so called Energy Directive from 2003. By the Directive it has been planned to increase in phases the minimum of excise rates with transition period that is granted to certain new member states and which is necessary for harmonization of national excise rates.

The last increase in minimum rates of excise duties on energy products in the EU from 1st of January 2010 related to excise duties on diesel while excise duties on other oil derivatives remained unchanged. Increase of excise rates on diesel is the result of environmental pollution studies which showed that the previous opinions that diesel vehicles less pollute the environment than unleaded petrol vehicle are not grounded. The European Commission has, at the time of adopting the Energy Directive, opted for the gradual equalization of excise duties on petrol and diesel and for the gradual elimination of the use of gasoline.

Diesel

From 1st of January 2004 excise duty on diesel amounted 302 EUR / 1000 l, and as of 1st of January 2010 it has been increased to 330 EUR / 1000 l. All member states reached the minimum excise duty of 302 EUR until the end of 2009. However, Lithuania, Latvia, Romania and Bulgaria have not yet reached a new lower limit of 330 EUR, despite several increases in the last two years (Chart 1). According to the planned dynamics of increasing excise rates in the EU, member states will be obliged to harmonize the national rates of excise duties on diesel to the new minimum by the end of 2013.

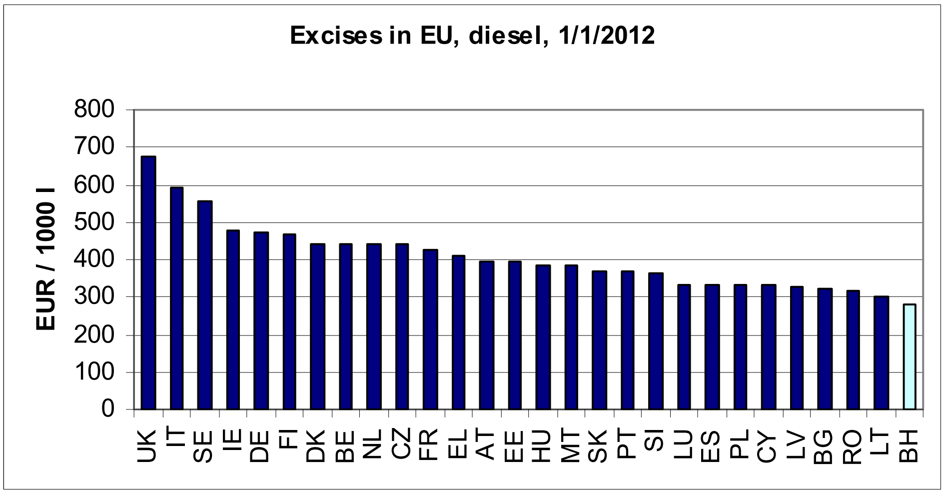

Chart 1

Unleaded petrol

The minimum excise duty on unleaded petrol of 359 EUR / 1000 l, prescribed as of 1st of January 2004, has not been changed at the beginning of 2010. According to Chart 2 all member states have achieved the required minimum excise duty of 359 EUR (Chart 2).

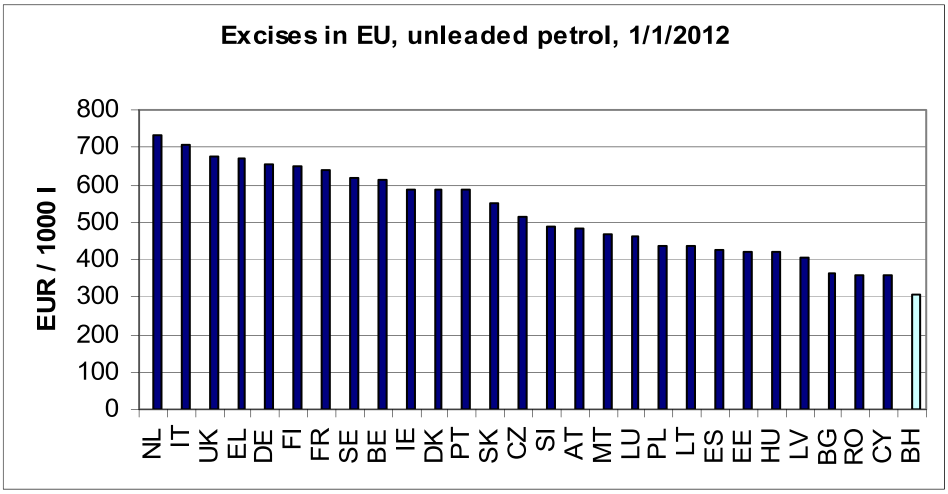

Chart 2

Leaded petrol

The minimum excise duty on leaded petrol in the EU is 421 EUR / 1000 l and it has not changed since 1st of January 2004. All members have achieved the required minimum. Given the EU commitment to withdraw leaded petrol from the use due to bad impact on the environment, automobile industry increasingly focuses its production to cars on unleaded petrol so it is expected that over time leaded petrol will disappear from the market.

Kerosene

From 1st of January 2010 the minimum of excise duty on kerosene used as motor fuel has increased from 302 EUR to 330 EUR / 1000 l.

Heating oil

The minimum of excise duty on heating oil used to heat the room is 15 EUR / 1000 kg. Of all the members only Italy and Sweden differentiate the rates of excise duty on heating oil, depending on whether it is used to heat commercial or non-business premises, provided that they favor the use of heating oil for heating commercial premises. Excise rates in most of the member states range from minimal to 40 EUR / 1000 kg, while Denmark collects excise duty of 393 EUR / 1000 kg for heating premises, regardless the business or non-business usage (Chart 3).

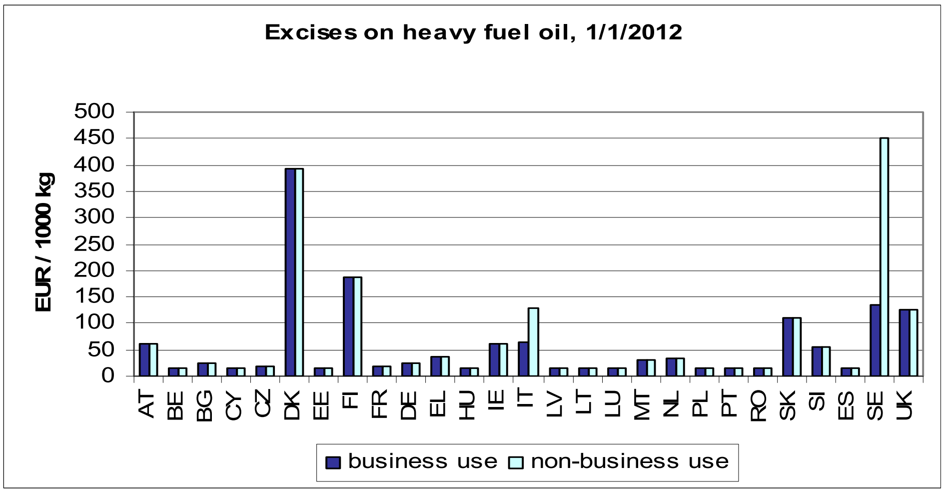

Chart 3

Current trends in the EU

Intensification of the political situation in the oil market was also reflected in the energy products market in the EU. According to the latest available statistics of retail prices of oil derivatives[1] retail prices of diesel in the EU market range from 2.5 to 3.5 KM. Luxembourg has the lowest prices of diesel as expected, due to the lowest rate of VAT in the EU and low excise duties, and Bulgaria due to low excise rate (Chart 4).

[1] Source: European Commission, Directorate for Energy, Oil Bulletin: 27/02/2012.

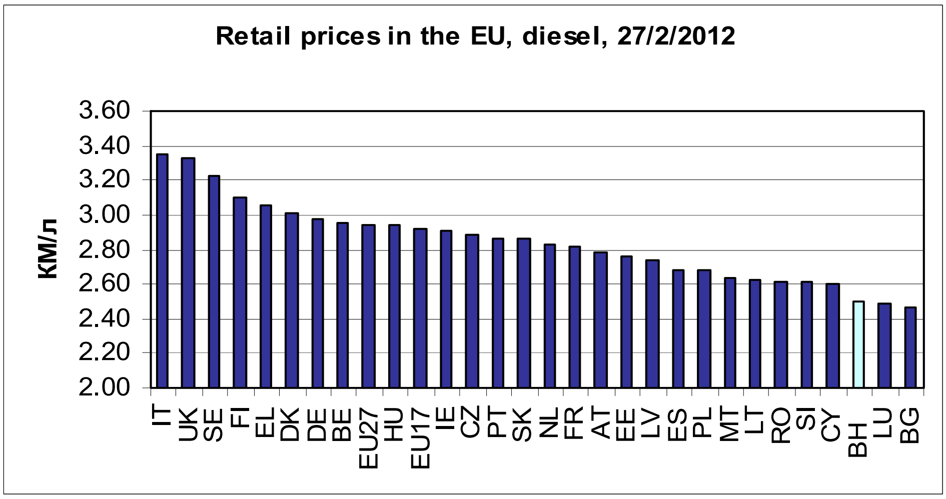

Chart 4

Given the wide range of standard rates of VAT (from 15% to 27%) and excise rates in the EU it is interesting to analyze the total tax burden of diesel prices in the EU. According to data of the European Commission the total tax burden of diesel in the EU ranges from 38% to 63%, while the weighted average tax burden in the EU-27 is 48%. It is noted that the old EU members have the highest tax burden (Chart 5).

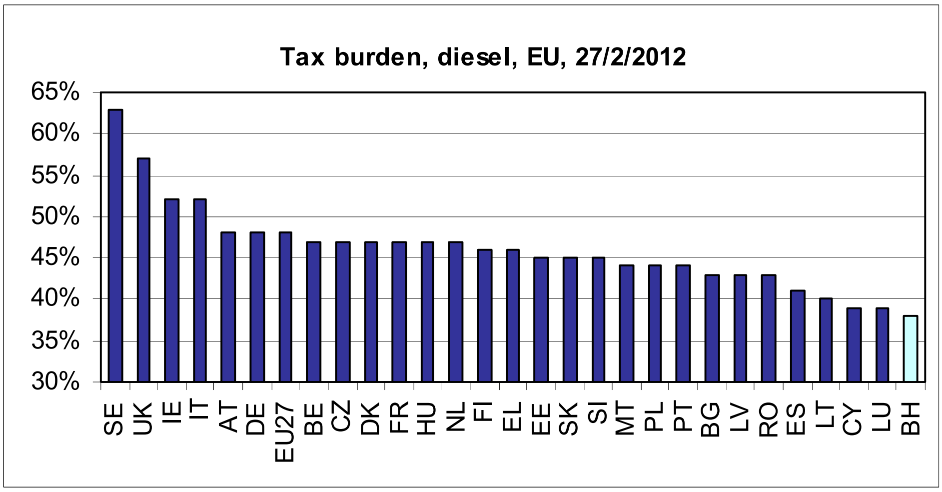

Chart 5

Bulgaria, Romania and Cyprus have the lowest prices of unleaded petrol (Chart 6).

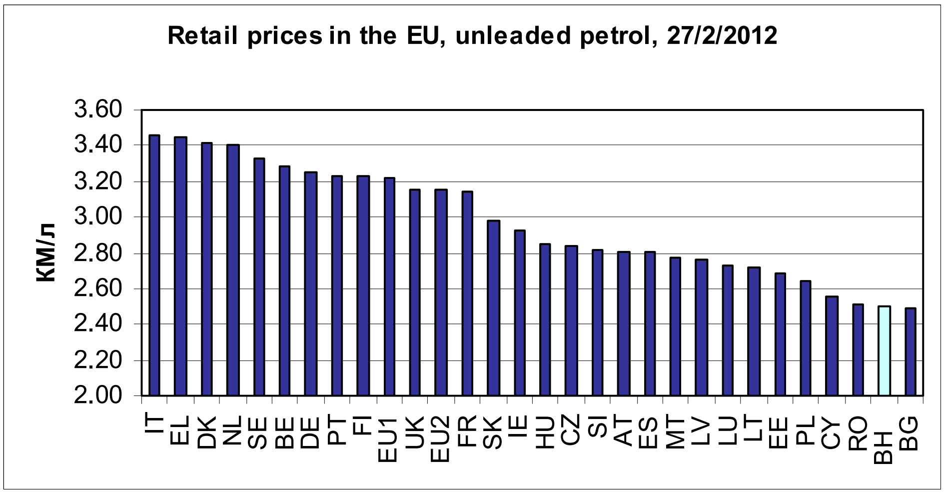

Chart 6

The tax burden on the retail price of unleaded petrol in member states ranges from 42% to 60% (Chart 7) while the weighted average tax burden of the price of unleaded petrol in the EU-27 is 56%. Higher tax burden of unleaded petrol is the result of the practice that unleaded petrol is taxed by higher excise rates compared to diesel. Until 2010 the minimum rate of excise duty on unleaded petrol was by 18.9% higher than excise on diesel while this difference was reduced to 8.8% with the most recent adjustment of the minimum rates of excise duty on diesel. Member states differently approached to taxation of derivatives. Despite the new policy which should lead to the convergence of excise rates on diesel and unleaded petrol, differences are significant and range from over 60%, as in Greece, Poland, Netherlands and Portugal.

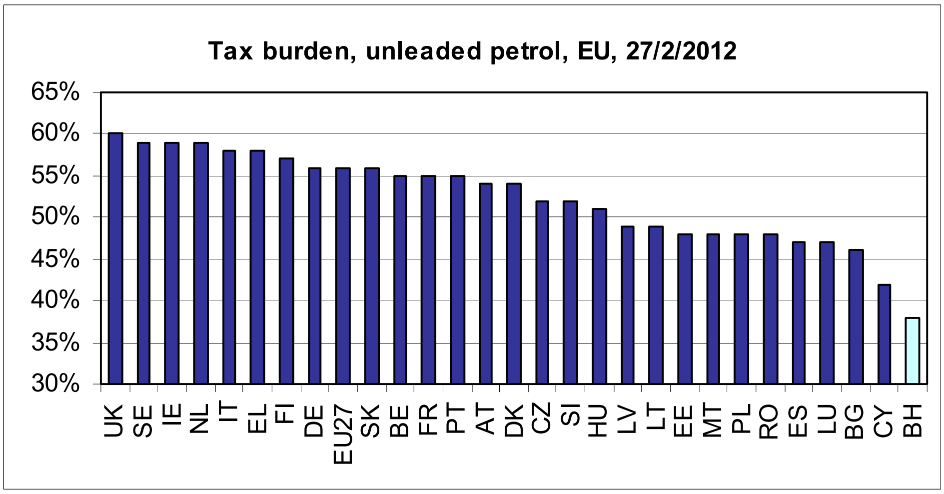

Chart 7

Excise duties in B&H vs. the EU

By adopting the new Law on Excise Duties B&H began the complex process of harmonization of excise duties to the EU minimum. A positive step in the harmonization process is the introduction of additional road fee at the price of oil derivatives, thus increasing the total excise duty on oil derivative closer to the EU minimum standards[2]. However, this effect was short, given that the EU from 1st of January 2010 increased the minimum rates of excise duties on diesel which has increased the range between excise duties in B&H and the EU. Given that the EU over the next year plans to equal excise duties on diesel/kerosene and unleaded petrol and then to increase excise duties on diesel significantly, it is expected that the gap between excise duties in the EU and B&H, unless there is a change in the excise policy in B&H, increases more from the current 0,10 KM/l for both types of derivatives to 0,25 KM/l do diesel (Chart 8). The illustration of differences between excise duties is based on plans of the European Commission; however the ongoing recession in the member states may postpone the plans of the European Commission for some time.

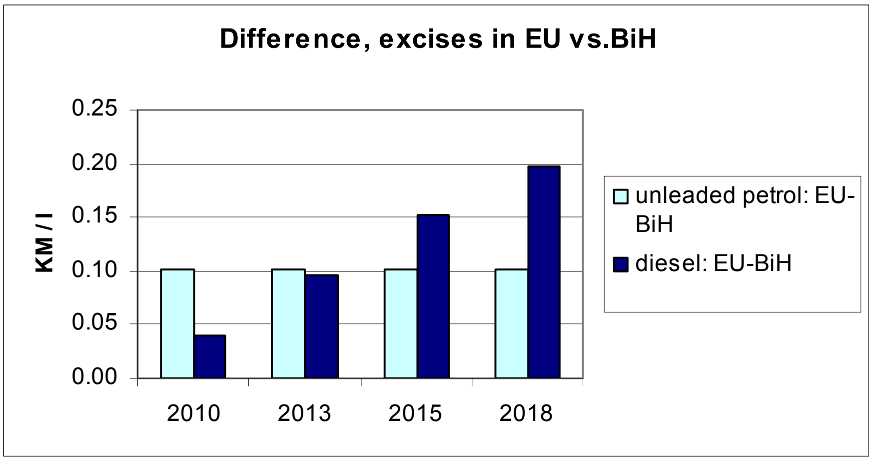

Chart 8

Analysis of the EU excise duty system showed a different approach to taxation of heating oil in B&H compared to the EU. Excise duties on heating oil in B&H are equalized with excise duties on diesel in order to reduce possible frauds. Given the large range between excise duties on diesel and heating oil it can be concluded that in terms of scope for frauds the excise duty system in the EU is more vulnerable than in B&H. However, by the action of the rules of law and institutions in the member states, and the application of the Directive laying down the general arrangements for the handling of excise goods in the EU and establishing a system of electronic monitoring movement of excise goods at the EU level, the area for frauds is significantly reduced. This indicates that the introduction of tax incentives requires a regulated legal system and market.

Fiscal competitiveness of B&H in the field of derivatives

Analysis of the excise policy in the EU and comparison with the situation in B&H indicates two facts:

- Retail prices of derivative in B&H are at the minimum of the EU
- Tax burden on the retail price of derivative is the least in relation to all EU member states

Assuming that the quality of derivatives in the B&H market corresponds to the minimum allowable standards in the EU it can be concluded that B&H is by price and fiscally competitive in the area of derivative. Cumulative effect of several factors contributed to this:

- *VAT system*: VAT rate of 17% in B&H is one of the lowest in Europe which directly affects the level of retail prices;

[2] Road fees are excise duties with dedicated character of collected revenue expenditure (so called earmarked taxes).

- *Excise duty system*: the overall rate of excise duty on oil derivatives in B&H is, after the introduction of road fees as of 1st of July 2009, below the minimum standards of the EU which has a positive effects on retail prices;
- *Stabilization and Association Agreement with the EU*: application of the Agreement brought the reduction and final abolition of customs duties on imports of derivatives from the EU reducing the customs value of imported derivatives;
- *Joining the Refinery Brod to B&H market*: by rising the quality of products and production capacities and by sales network expansion process of Refinery to B&H market there has been a concentration of derivative distribution and expression of positive effects of economies of size on prices. Former fragmentation of derivative markets which was reflected in the business of a large number of smaller distributors of oil derivatives adversely affected retail prices of derivatives. The low volume of sales of small distributors required higher retail prices in order to cover high fixed costs per product unit and to achieve the margin. In such conditions larger distributors were achieving extra profits. Concentration of distribution by joining the Refinery to the market led to a reduction in margins and price cuts in derivatives.

After the abolition of 1% of customs records on imports of goods from the third countries which burdened the entry price of oil in the Refinery[3], the continuation of price stabilization process was expected. Jump in oil prices on the world market and unfavorable prognosis in terms of calming down the political situation have neutralized above mentioned positive effects on the prices of derivatives in B&H. However, given that the growth of oil prices affects all countries equally, and that the EU member states continuously increase excise and VAT rates, B&H has remained fiscally competitive. Considering the favorable geographical position of B&H (in transit between the Middle East and Western Europe, in transit between Central Europe and the Adriatic), and bearing in mind that B&H has the Refinery that has the necessary capacity and achieves the European standards of derivative quality, low rates of VAT and excise duties may attract international transport companies to redirect their routes across B&H. Although the destination principle of taxation of goods eliminates the influence of VAT rates on the competitive position of goods in international trade, analyses of the European Commission show that due to low rates of VAT in some member states there is a spillover of revenues from member states with high VAT rates in transit and cross border trade of excise goods (fuel, cigarettes, etc.) and other goods and services. Analyses showed that in terms of different excise rates in the EU member states the international transport companies which in their vehicle fleet have trucks with fuel tanks of high capacity achieve competitive advantage. Those companies, tanking fuel in member states where the excise duties on fuel (and therefore retail prices) are the lowest, conduct a certain 'micro-fiscal' policy. These companies have a direct fiscal cost savings on fuel, while the country in which they buy fuel achieves additional fiscal revenues, higher employment and the growth in certain sectors. That these potential effects are not insignificant shows the case of the smallest EU member state Luxembourg, which policy of fiscal competitiveness is popularly called policy of 'tank-tourism'[4]. Although the deliberate diversion from the route in the country with lower taxes on fuel products makes additional costs to carriers, the experts estimate that the large tractors achieve net savings of 20% of costs on 1,000 km. Even if the transport companies are entitled to a VAT refund[5]

[3] Pursuant to amendments to the Law on Customs Policy the application of 1% of customs records on overall import has been abolished as of October 2011.

[4] According to estimates from the European Commission member state Luxembourg achieves the benefits from the „tank tourism" of 2-3% of GDP annually. The volume of traffic in Luxembourg is shown by data on fuel consumption per capita of 4,200 l which is enormously high compared to the EU average consumption of 750l. Joining new member states to the EU opens new routes for 'tank tourism' in the east of the EU, while member states with high rates of excise duties achieve significant fiscal losses. The Commission estimates that due to 'tank tourism' Germany loses 2 billion EUR from excise duties on fuel annually and additional 1.6 billion in VAT and revenues in the price of cigarettes and other goods selling at the gas stations. About 55% of loss of Germany spills over to Poland and Czech Republic.

[5] Taxpayers who do not have a seat in the state they purchased taxable goods or services shall be entitled to a refund under certain conditions. The EU arranged this issue in two ways: taxpayers with the seat in another member state achieved the refund in accordance with the Eighth VAT Directive, while taxpayers from the third countries achieved the

complex procedures, conditions and other refund terms significantly delay the moment of VAT refund, forcing carriers to engage in advance funds to finance the cost of fuel. In this sense, the companies have an interest to choose the routes through the countries with the lowest excise and VAT burden. On the other hand, the country which is fiscally competitive uses the benefits from the 'tank-tourism'. Even if at some point VAT should be returned from the invoices of the carrier, long terms of VAT refunds in the international trade relaxed managing the revenues achieved on that basis.

Effects of increasing the standard VAT rate

Recently, there are also initiatives to increase the rate of VAT in B&H. Increasing the standard VAT rate in any case produces multiple fiscal, microeconomic and macroeconomic implications[6]. Table 1 shows an illustration of effects of increasing VAT rate in B&H to 25% while maintaining the same level of excise duties. Assuming that the total tax incidence will be shifted to the final consumer increasing the standard rate of VAT from 17% to 25% leads to the increase of retail prices by 6.84%. At the same time, the share of VAT in the price will rise for 47% which will affect the increase in the total tax burden of one liter of oil derivative. However, given the fixed nature of excise duties, the share of excise burden will be reduced while the share of VAT burden will be increased.

Table 1

	simulation 1		simulation 2		
Elements of retail price (KM)	Unleaded petrol *)	Diesel *)	Unleaded petrol	Diesel	change
Retail price	2.45	2.55	2.62	2.72	6.84%
VAT	0.36	0.37	0.52	0.54	47.06%
Excise duty	0.35	0.30	0.35	0.30	0.00%
Road fee	0.25	0.25	0.25	0.25	0.00%
Price prior taxation	1.49	1.63	1.49	1.63	0.00%
Excise duties, % retail price	24.49%	21.57%	22.92%	20.19%	
VAT, % retail price	14.53%	14.53%	20.00%	20.00%	
Total tax burden, % retail price	39.02%	36.10%	42.92%	40.19%	

*) Retail prices of oil derivatives in Banja Luka on 20th of March 2012

Keeping the same VAT rate would significantly relax a position of oil distributors in case of price increase on the world market. From Table 2 it can be concluded that additional increase of input price by 0,15 KM/l has as the same effect on retail prices as an increase of VAT rate up to 25%, with possibility of automatic return on the previous oil prices in the case of market stabilisation.

refund pursuant to the Thirteenth VAT Directive and regulations of the Member state in which they ask for the refund. A similar treatment has been prescribed by the Law on VAT in B&H.

[6] More in: Antić D., „Study on implications of differentiated rates of VAT in Bosnia and Herzegovina", Governing Board ITA, July 2011 www.oma.uino.gov.ba.

Table 2

Elements of retail price (KM)	simulation 1		simulation 3	
	Unleaded petrol	Diesel	Unleaded petrol	Diesel
Retail price	2.45	2.55	2.62	2.72
VAT	0.36	0.37	0.38	0.40
Excise duty	0.35	0.30	0.35	0.30
Road fee	0.25	0.25	0.25	0.25
Price prior taxation	1.49	1.63	1.64	1.78
Excise duties, % retail price	24.49%	21.57%	22.92%	20.19%
VAT, % retail price	14.53%	14.53%	14.53%	14.53%
Total tax burden, % retail price	39.02%	36.10%	37.45%	34.72%

Options to mitigate price shocks

The question is whether there is a way to neutralize or at least mitigate the impact of the price shock caused by the situation in the global energy market. Besides the strategic commitments that involve reducing the use of fossil fuels and orientation to new forms of production plants (electric, hybrid), distributors should consider opportunities to improve internal economies and integration of operations in order to reduce fixed costs and create room for price reduction before taxation (Tables 3 and 4).

Table 3

diesel	Luxembourg		Slovenia		BiH	
Retail price (KM), March 2012		2.50		2.61		2.50
VAT	13.04%	0.33	16.67%	0.44	14.53%	0.36
Excise duty/road fees		0.65		0.71		0.55
Pre-tax price		1.52		1.47		1.59

Table 4

Unleaded petrol	Luxembourg		Slovenia		BiH	
Retail price (KM), March 2012		2.78		2.81		2.42
VAT	13.04%	0.36	16.67%	0.47	14.53%	0.35
Excise duty/road fees		0.91		0.82		0.60
Pre-tax price		1.51		1.52		1.47

Options in tax system need to be evaluated in light of obligations under the *acquis* as well. Reducing excise rates proposed by the carriers would have certainly moved B&H away from the European path. Lagging behind related to European standards would be increased, which would require a prolongation of the period for the compliance excise duties with EU standards. It should be noted that the increase in excise duties on energy products is always unpopular, politically, but also from an economic standpoint. The experience of other member states showed that due to macroeconomic implications they carefully chose a moment when the macroeconomic situation in the country was favorable for increasing the rate of excise duty on energy products.

Abolishing differentiated taxation of oil derivatives shows that a policy of reducing excises does not stand as an option for the EU State Members any more. In order to relax the price of derivatives some of the EU member states were prescribing lower rates of VAT on certain energy products or on a particular use. Still, the global economic crisis has forced states to refrain from this model of differentiation of taxes on energy products, given the urgent need to increase the revenue in order to close or reduce fiscal deficits in national budgets. Latvia introduced the standard VAT rate on gas supplied to households on 1st of July 2011, and Portugal has the intention in terms of fiscal consolidation measures to abolish reduced rates on diesel for agriculture. Table 4 gives a review of reduced rates of VAT on certain oil derivatives used by only three member states: Ireland, Portugal and Luxembourg as of 1st of January 2012[7].

Table 5

Oil Derivatives	**Member State**
Diesel, special usage	Ireland (13,5%), Portugal (13%)
Diesel, heating, business usage	Ireland (13,5%), Luxembourg (12%)
Diesel, heating, non-business usage	Ireland (13,5%), Luxembourg (12%)
Heating oil	Ireland (13,5%)

Following the principle „polluters pay“, which implies that the cost of road maintenance, i.e. pollution of the environment and human health endangerment should be borne by those who use the roads and pollute the environment, EU is increasingly directed towards selective taxation of vehicles. By taxes on the ownership and use of vehicles, fees and charges and levying various forms of ‘green’ taxes, the EU achieves several aims, especially on large oil tank and cargo vehicles:

- Decrease of the retail price of fuel
- Demand of vehicle on the particular drive is stimulated (hydrogen, electric, hybrid)
- In direct way the consumption of fuel is directed towards environmentally friendly types.

In August 2008 the European Commission has published the package of measures popularly known as *„greening transport“*, by which the taxation of transport got the function of the environment protection policy. The proposed changes are made in the implementation of so called *„smart“ charging* access which includes the following:

- Taxation of the owner of vehicles by the costs arising from climate changes due to environmental pollution and by costs related to traffic accidents caused by heavy goods vehicles;
- Abolition of upper taxation limits in member states;
- Member states still have full freedom related to taxation on main and regional roads within the national territory;
- Introduction of vignette per miles rather than weather vignette.

Since the long-term forecasts of oil and derivative prices are extremely unfavorable due to limited supplies of fossil energy products, by the mentioned instruments the EU is, in turbulent times in terms of energy prices, enabling to act on input and transport price stabilization, and on oil and derivative dependence reduction. This also affects the strengthening of economic competitiveness, improvement of the social status of the population and mitigation of the regressive impact of excise taxation on small firms and citizens with lower incomes. A new course for the taxation of vehicles and vehicle ownership provides more equitable redistribution of the tax burden, shifting the taxation of all citizens (if the price of energy products is taxed by excise duty or high rates of VAT) to the wealthier citizens – the owners of the vehicles (if the vehicles or ownerships are taxed). At the same time revenue planning is facilitated and a more stable flow of public revenue of member states is provided, given that the collection does not depend on fluctuations in oil prices in the market, the level of tax and custom frauds and on the development of black market.

[7] In addition to mentioned ones, several more member states apply reduced VAT rates on coal, coke, gas and electricity. Source: European Commission, state 1st of January 2012.

Conclusion

Initiatives coming from the government, taxpayers and citizens in B&H regarding taxation of goods and services are highly divergent. For the purpose of rehabilitation of fiscal bad depths some levels of government in B&H advocate stronger consumption taxation, thereby neglecting negative effects of the growth in retail prices to the social status of citizens and the economy at time of decreasing of employment, incomes and recession, which, in turn derogates expected fiscal effects. On the other hand, taxpayers and citizens require fiscal relief. The situation in the EU member states indicates that the strong growth of VAT rates in the last three years, in some members states from 4 to 7 percentage points, did not bring fiscal stabilization, on the contrary, fiscal bad depths have become larger. It only shows that fiscal consolidation cannot be achieved without strong fiscal rules, fiscal accountability for public money and sharp cuts on the side of unproductive public expenditures.

Characteristics of the VAT system in B&H are largely coincide with characteristics of an ideal VAT system advocated by the EU, OECD and IMF, moderate rate and broad tax base. Any increase in VAT rates or the introduction of multiple rates would derogate the system, open space for frauds and strengthen the grey economy, so that the realization of planned fiscal effects becomes highly uncertain. Obviously, the solution can be the reform of public expenditures, selective policy of budget transfers, but also in the field of efficient collection of tax revenue, tax administration cooperation and introduction of progressive taxes with income tax, real estates, vehicles, cigarettes and other luxury goods.

B&H has the additional task of balancing fiscal policy in light of the strategic commitments – liabilities under *acquis.* Although it is uncertain when B&H will join the EU, given the scale and gravity of the obligations in the sphere of energy excise tax, it is necessary to continually monitor the EU legislation and gradually incorporate the European standards and best practices of the EU member states into national law and practice. In addition, the policy of energy taxation needs to be placed in the context of an overall economic policy, given the strong interaction between tax policy and other policies (energy, transport policy, environmental protection policy, health and social policy) but also proven experiences of the EU member states that the harmonization of excise duties with the minimum of EU standards produces significant macroeconomic and microeconomic implications for the economic system. Finally, in the long run it would be very important for B&H to consider the strategic implications of introducing excise duties on coal, coke and electricity to the economic status of companies, especially large consumers, but also to a standard of citizens and general price level in the country. If B&H in the next few years joins the project 'South Stream' with respect to the announced timetable of the construction, it can be expected that the time of gas pipeline exploitation will coincide with the period of joining B&H to the EU. Considering the fact that gas pipelines will connect major cities in B&H by which the share of gas consumption in the energy balance will be significantly increased, it is necessary to think about implications of the introduction of excise duties on gas.

Consolidated reports

(Author: Aleksandra Regoje)

Table 1 (Consolidated report: General 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, cantons, municipalities and funds,
- revenues and expenditures of the budget of the Republika Srpska, municipalities and funds,
- revenues and expenditures of the budget of Brčko District and funds.

Foreign financed project data are not included.

Tables 2.1- 2.3 (Consolidated reports: 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: General government 2011

	Q1	Q2	Q3	Q4	Total
Revenues	2.436,1	2.753,9	2.871,8	2.963,9	11.025,6
Tax revenue	1.267,7	1.459,9	1.499,1	1.525,5	5.752,2
Indirect taxes	1.048,0	1.207,5	1.288,7	1.294,5	4.838,8
Direct taxes	219,7	252,3	210,4	231,0	913,4
Profit tax	79,7	88,6	58,5	60,9	287,7
Income tax	110,0	133,6	131,9	142,5	517,9
Other direct taxes	30,0	30,2	20,1	27,6	107,8
Social contributions	913,9	1.018,3	1.014,2	1.096,3	4.042,7
Nontax revenue	242,8	271,6	259,5	302,7	1.076,7
Grants	11,7	4,1	12,8	10,3	38,9
Other revenues	0,0	0,0	86,2	29,0	115,2
Expenditures	2.420,7	2.778,5	2.744,8	3.196,5	11.140,5
Gross wages and compensations	787,5	808,0	805,3	828,3	3.229,0
Purchases of goods and services	400,3	486,2	460,2	610,0	1.956,8
Subsidies and transfers	1.076,5	1.250,0	1.221,1	1.400,8	4.948,4
Interest payments	30,6	38,2	45,7	48,3	162,7
Foreign	17,2	33,2	23,4	38,3	112,2
Domestic	13,4	4,9	22,3	10,0	50,6
Other current expenditure	81,9	141,1	126,3	167,5	516,8
Capital expenditure	35,0	86,9	106,1	147,1	375,0
Other expenditure	26,5	10,8	9,6	15,5	62,3
Net lending and capital gains	-17,6	-42,7	-29,3	-20,9	-110,5
Balance	15,4	-24,6	127,0	-232,7	-114,9
Financing	-15,4	24,6	-127,0	232,7	114,9

Table 1

Posavina Canton, I-XII 2011

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I-XII
1	Revenues (11+12+13+14)	2.418.228	2.345.460	3.060.083	2.793.428	2.634.478	2.587.117	3.270.606	3.150.032	3.661.182	2.723.442	3.850.831	4.997.758	37.492.646
11	Tax revenues	1.968.419	1.781.395	2.407.635	2.101.183	2.165.674	2.170.462	2.482.458	2.466.158	2.351.268	2.196.058	2.107.439	2.248.137	26.446.287
	Income and profit tax	277.172	283.313	668.178	411.946	284.236	290.837	342.939	391.764	281.621	341.071	297.825	436.037	4.306.938
	Property tax	42.007	27.496	38.594	52.805	29.657	37.298	26.633	38.318	65.119	41.602	43.387	34.354	477.269
	Indirect taxes	1.645.781	1.469.687	1.698.888	1.635.617	1.851.088	1.841.574	2.111.425	2.031.116	2.000.960	1.808.627	1.764.606	1.776.459	21.635.826
	Other taxes	3.459	900	1.976	815	693	754	1.462	4.961	3.568	4.758	1.621	1.287	26.253
12	Non-tax revenues	423.076	492.210	452.867	670.958	447.517	372.667	438.715	572.350	441.122	425.861	436.394	674.677	5.848.414
13	Grants	26.733	71.855	199.581	21.288	21.288	43.989	349.433	111.523	868.792	101.523	1.306.998	2.074.944	5.197.946
14	Other revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Expenditures (21+22)	2.546.146	2.891.870	3.352.048	2.539.791	2.826.577	3.006.188	2.834.306	2.527.624	3.051.477	2.940.399	2.941.067	4.729.049	36.186.542
21	Current expenditures	2.546.146	2.891.870	3.352.048	2.539.791	2.826.577	3.006.188	2.834.306	2.527.624	3.051.477	2.940.399	2.941.067	4.729.049	36.186.542
	Gross wages and compensations	1.689.347	1.702.412	1.738.132	1.684.304	1.713.396	1.669.583	1.557.853	1.583.718	1.881.141	1.786.852	1.886.655	1.748.808	20.642.201
	Purchases of goods and services	770.030	598.979	726.527	481.733	514.709	505.452	486.076	470.498	518.035	512.228	491.921	1.106.221	7.182.409
	Grants	73.515	589.781	886.671	373.013	561.834	819.793	789.729	432.060	651.664	638.157	560.939	1.872.547	8.249.702
	Interests	13.255	699	718	741	36.638	11.360	648	41.348	637	3.162	1.552	1.473	112.231
	Transfers to lower budget units	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Net lending	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Net acquisition of nonfinancial assets	29.398	117.932	42.080	88.915	231.490	465.799	275.546	247.359	106.008	1.136.774	359.112	796.423	3.896.837
4	Government surplus/deficit (1-2-3)	-157.316	-664.343	-334.045	164.722	-423.589	-884.870	160.754	375.049	503.697	-1.353.731	550.652	-527.714	-2.590.733
5	Net financing	-30.494	0	0	0	0	-28.191	0	-2.280	0	-9.247	0	0	-70.212

Table 2.1

Una-Sana Canton I-XI 2011

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	I-XI 2011
1	Revenues (11+12+13+14)	19.263.874	16.405.053	19.282.566	18.578.366	18.851.551	20.765.687	21.850.154	20.460.659	22.271.247	19.805.686	18.328.926	215.863.768
11	Tax revenues	15.185.987	13.341.201	15.322.108	14.875.171	15.536.856	16.735.093	17.391.648	17.096.116	17.051.849	15.627.278	15.324.325	173.487.633
	Income and profit tax	1.481.240	1.423.380	2.263.603	2.461.237	1.637.749	1.811.396	2.184.379	1.423.538	1.723.151	1.556.877	1.576.105	19.542.654
	Property tax	625.346	609.199	629.053	351.378	407.572	385.765	321.999	324.876	614.865	577.603	332.556	5.180.212
	Indirect taxes	13.069.829	11.306.190	12.425.926	12.059.914	13.489.669	14.533.149	14.883.638	15.346.643	14.711.958	13.491.060	13.069.570	148.387.547
	Other taxes	9.573	2.432	3.526	2.641	1.866	4.782	1.631	1.059	1.876	1.738	346.095	377.219
12	Non-tax revenues	3.167.182	2.533.691	3.376.067	3.272.591	3.230.101	2.949.296	3.856.686	2.751.805	4.747.809	3.553.234	2.521.009	35.959.472
13	Grants	851.697	396.366	393.839	430.603	84.250	1.081.358	601.820	612.737	471.588	625.175	483.592	6.033.026
14	Other revenues	59.007	133.795	190.552	0	343	-60	0	0	0	0	0	383.638
2	Expenditures (21+22)	16.440.652	17.676.327	19.815.052	18.928.354	20.998.548	19.641.829	18.222.280	16.605.652	19.897.935	17.133.203	20.303.991	205.663.823
21	Current expenditures	16.440.652	17.676.327	19.416.625	18.928.354	20.998.548	19.641.829	18.222.280	16.605.652	19.897.935	17.083.696	20.303.991	205.215.888
	Gross wages and compensations	13.619.010	11.934.914	12.816.769	13.564.743	11.648.672	12.784.196	11.565.531	10.762.381	12.368.327	11.641.848	13.736.090	136.442.481
	Purchases of goods and services	900.713	1.439.588	2.538.286	1.947.240	2.779.372	1.987.831	2.288.172	2.049.457	1.868.256	2.105.976	2.646.523	22.551.414
	Grants	1.380.994	3.890.567	2.779.259	2.906.299	6.194.097	3.910.443	4.043.234	3.018.851	4.258.547	3.132.899	2.920.116	38.435.307
	Interests	112.989	104.767	253.433	76.550	121.749	168.803	269.060	133.609	167.725	112.288	390.167	1.911.139
	Transfers to lower budget units	426.946	306.493	1.028.879	433.521	254.657	790.557	56.283	641.353	1.235.080	90.685	611.095	5.875.548
22	Net lending	0	0	398.427	0	0	0	0	0	0	49.507	0	447.934
3	Net acquisition of nonfinancial assets	291.426	208.423	303.783	314.966	644.970	621.038	806.230	749.450	1.963.396	714.915	814.007	7.432.603
4	Government surplus/deficit (1-2-3)	2.531.795	-1.479.697	-836.269	-664.953	-2.791.968	502.820	2.821.644	3.105.557	409.915	1.957.568	-2.789.071	2.767.343
5	Net financing	-5.515	-105.378	192.203	-263.772	-66.212	-172.678	-1.637.113	-324.620	1.286.833	-189.681	1.793.870	507.938

Table 2.2

Tuzla Canton, I-X 2011

		I	II	III	IV	V	VI	VII	VIII	IX	X	I-X 2011
1	Revenues (11+12+13+14)	29.258.403	29.427.329	33.234.339	33.653.860	33.557.536	35.421.343	38.103.461	36.925.312	39.221.986	34.200.164	343.003.732
11	Tax revenues	24.479.665	23.973.696	27.296.619	26.790.937	27.718.306	28.622.115	31.650.988	30.095.403	29.686.069	27.052.910	277.366.708
	Income and profit tax	3.394.266	4.928.576	5.449.426	6.336.022	4.518.173	5.340.623	5.286.853	4.547.362	4.493.897	4.509.889	48.805.087
	Property tax	703.481	913.741	905.787	592.680	746.016	944.076	742.625	829.900	695.891	676.969	7.751.164
	Indirect taxes	20.378.786	18.124.720	20.939.333	19.859.699	22.448.706	22.335.374	25.618.984	24.715.449	24.483.874	21.863.109	220.768.033
	Other taxes	3.132	6.658	2.074	2.537	5.411	2.041	2.527	2.692	12.408	2.943	42.423
12	Non-tax revenues	4.278.143	4.879.414	4.890.158	5.735.365	5.076.244	6.146.441	5.076.326	6.436.279	7.830.502	6.024.736	56.373.609
13	Grants	500.294	574.220	1.047.267	1.127.558	761.450	648.231	1.372.647	385.120	1.688.815	1.120.988	9.226.590
14	Other revenues	300	0	294	0	1.536	4.556	3.500	8.510	16.600	1.530	36.826
2	Expenditures (21+22)	25.999.484	30.124.011	29.751.298	32.497.689	33.120.561	34.452.334	31.030.423	32.888.877	32.868.032	37.158.576	319.891.286
21	Current expenditures	26.130.634	30.232.692	29.895.562	32.609.503	33.252.303	34.588.216	31.159.606	33.017.553	32.996.154	36.708.936	320.591.160
	Gross wages and compensations	20.028.756	20.674.695	20.801.843	20.716.484	20.665.931	20.361.721	19.072.922	20.415.490	20.337.000	22.470.839	205.545.682
	Purchases of goods and services	3.527.319	4.570.798	5.141.467	5.708.966	4.869.624	5.569.670	4.330.065	4.666.029	4.428.147	6.016.297	48.828.383
	Grants	2.500.969	4.840.051	3.784.428	6.044.959	7.480.693	8.112.404	7.589.952	7.701.099	7.996.244	8.051.148	64.101.947
	Interests	5.916	3.473	2.931	3.007	72.378	380.805	33.910	82.886	2.075	156.788	744.170
	Transfers to lower budget units	67.674	143.674	164.893	136.086	163.677	163.615	132.756	152.050	232.689	13.864	1.370.978
22	Net lending	-131.150	-108.681	-144.264	-111.814	-131.742	-135.881	-129.183	-128.677	-128.122	449.639	-699.874
3	Net acquisition of nonfinancial assets	599.373	364.432	1.234.046	1.310.442	1.094.140	2.101.062	1.495.537	2.663.956	1.378.873	3.437.166	15.679.028
4	Government surplus/deficit (1-2-3)	2.659.546	-1.061.114	2.248.994	-154.272	-657.165	-1.132.054	5.577.501	1.372.479	4.975.081	-6.395.578	7.433.419
5	Net financing	-403.015	-225.938	-224.359	-133.498	-469.539	-2.374.148	-164.885	-59.342	-64.427	2.867.417	-1.251.734

Table 2.3