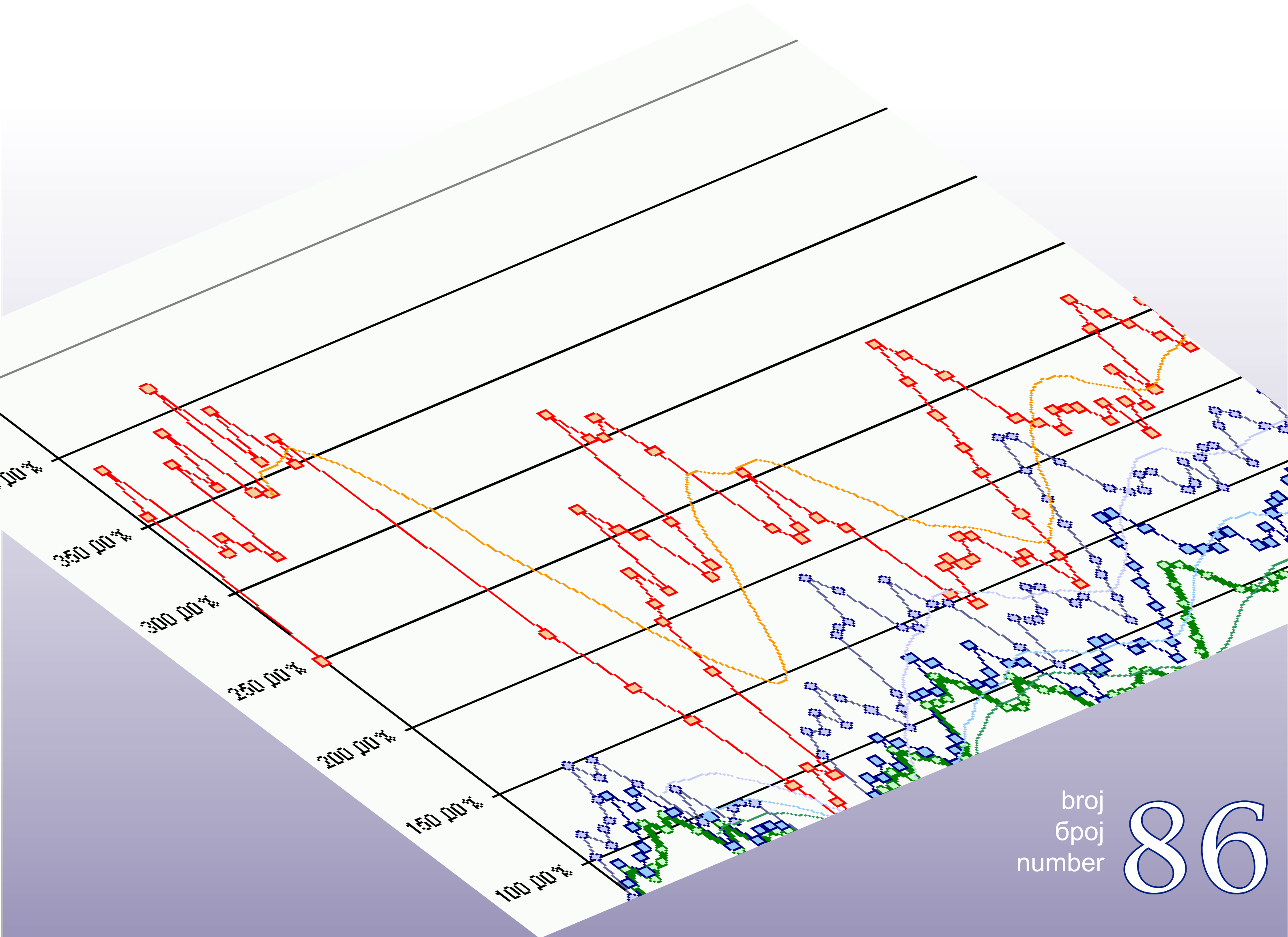
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-neizravno oporezivanje

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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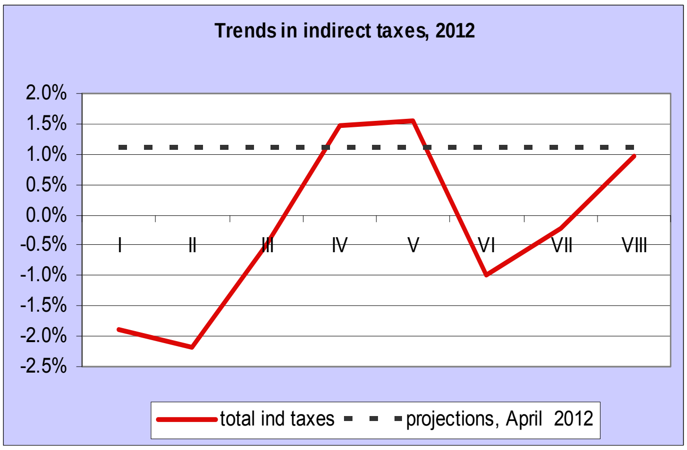
## With this issue

Current trends in indirect taxes have been significantly improved by the collection of indirect taxes in August 2012. According to the preliminary report of the ITA, the net collection in August is for 9,4% higher than in the same month of 2011. The final result would have been even better if the refund's growth of 7,8% had not been recorded, compared to August 2011. It is collected 3,264 billion KM at the level of eight months. Not only the increase of revenue in August was sufficient to compensate revenue fall in June, it also brought a growth of 0,9% at the level of eight months comparing to the same period of 2011, and thereby almost reached the projected annual growth of 1.1% (see the Chart). In general, in the first eight months of 2012 it is collected about 30 million KM more than in the same period of 2011. Observed by type of revenue, the growth was recorded in net VAT revenues of approximately 42 million KM, and in the excise revenues of 29 million KM. As expected, revenues from customs duties are lower by 39 million KM.




Revenue from excises recorded strong growth of 31% in August. Excise revenues growth has been mostly contributed by domestic taxpayers of the excises on tobacco and of the excises on oil derivatives. Year after year, excise taxes are becoming an important source of public revenue. Together with the road fee, they make a third of revenue from indirect taxes. Having that in mind, the significant discrepancies in the collection of excise taxes from the forecast could destabilize the financing of government levels. It implies that fiscal authorities should have to pay more attention to excise policy in BiH.

Dinka Antić, PhD
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**Table of contents:**



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# Tax relief

(Author: Dinka Antić, PhD)

## Concept and motives of introducing

Modern tax systems include various tax benefits granted to certain categories of taxpayers. Tax benefits are also called tax reliefs. Tax relief is "*a generic term to describe all methods used to reduce or defer the burden of taxation without regard to the particular way it is accomplished*[1]. Tax relief represents "a concession the State makes for the taxpayer[2].

Tax relief is introduced for different motives. Motives can be of an economic nature. By selective taxation States are trying to stimulate the employment and growth. Relief may be granted to exporters or for investments and new jobs.

While introducing tax relief the State may be led by socio-political motives. Taxes can be an effective instrument for the redistribution of income and wealth in society. In order to ensure more balanced level of living standards in the country, the State uses different tax and budget instruments that are at its disposal. Some of them have been proven to be effective such as the progressive income taxation of sections of society that earn higher incomes, with a policy of targeted transfers to the poorer classes, although they are politically unpopular in developed countries due to the increasing of tax burden of the society classes financing the election campaign. Selective taxation of consumption by differentiated VAT rates is often used for the political purposes, in order to approach to mass society classes. However, differentiated taxation of consumption by reduced VAT rates proved as an ineffective measure for resolving social inequalities[3]. The state often resorts to selective taxation to ensure the social inclusion of certain groups of the population who live on the margins of society (for example disabled, war veterans) in the socio-economic trends. In addition, state tax policy can affect more balanced development of region within the country and reduction of gap between the most developed and undeveloped. In certain poorer or geographically dislocated or inaccessible regions governments are trying to encourage the development of these areas and prevent emigration by introducing lower tax rates, combined with other budget measures, public investments and expenditure policy. Today, during the implementation of the fiscal consolidation of the budget and social funds, the state introduces tax reliefs for citizens who pay various forms of social insurance schemes of private character. On the one hand, the mentioned relief stimulates citizens to ensure themselves with the additional form of benefit inflow in the old age by the different types of savings and insurance schemes and, on the other hand, it relieves the state long-term social funds.

## Types of tax reliefs

There are different qualifications of tax reliefs. By the type of taxes that are granted, relief can be relief on taxation of profit, income, property, transport and others. By the time of the validity, relief can be permanent and temporary. Permanent tax relief is mainly associated with certain categories of taxpayers who are exempted from tax in most systems (state institutions, religious communities, diplomatic and consular missions and others). In essence, tax relief is introduced by the law and will remain in effect until the law is changed or completely revoked. In terms of achieving tax relief, it can be classified as the exemption which is implemented at the time of the taxable event emergence, for example purchase of goods which is exempted from the tax at the time of filing the tax return, or delay, subsequently, i.e. after certain conditions are achieved

[1] IBFD, "International Tax Glossary", 5th Edition, Amsterdam, 2005, p. 408.
[2] More in: Popović D., "Nauka o porezima i porezno pravo", („The Study of Taxation and Tax Law") Beograd, 1997., p. 192.
[3] More in: Antić D., Studies on implication of differentiated VAT rates in Bosnia and Herzegovina", ITA Governing Board, July 2011, www.oma.uino.gov.ba.

within a specified period (for VAT refunds, excise, income) or it is of an advance payment character to finance future tax liability (for tax credits).

Tax relief represents a concession which the State may impose in respect of the taxpayer, tax base, tax rate and tax amount.

The exclusion of certain categories of individuals and legal entities from taxation represents a widespread form of tax relief. Such a selective approach in respect of taxpayer is also present in taxation of income, revenue, property and consumption. Generally, the taxation of non-residents is selectively required in most states, with regard to taxation of certain types of income or consumption. Thus, the members of diplomatic missions and consular offices are exempted from sales tax or are entitled to claim a VAT refund. As a rule, government institutions and religious communities are also exempted from tax.

Tax benefits related to tax base can be divided into exemptions and deductions.

In exempting certain types of tax base are by definition excluded from the tax base. Deductions which the tax base is reduced may be related to the standard deduction for personal income tax and deductions for independents of the household as well as other deductions that can be recognized by the legislator. The introduction of personal deductions was advocated in the middle of XIX century by John Stewart Mill. Income tax model advocated by Mill involved a flat tax rate on all types of income and the tax exemption for income bellow a defined limit. Non-taxable portion of income should match the minimum level of subsistence to cover 'essential products for the existing population'. Mill even in 1857 calculated that it would amount to 100£ while next tax unit should be a lower rate of taxation in order to avoid the regressive effects of the tax.[4] This would in some way stimulate the employment of the poor and unskilled workers.

Tax relief in respect of the amount of tax rate is usually related to taxation of consumption, where the reduced (or preferential) VAT rate is introduced for the basic foods. The preferential tax treatment which besides lower tax rates also includes simplified administrative processes and procedures of bookkeeping, accounting and tax collection, is often applied for small firms.

Tax relief which reduces the amount of the accrued tax mainly relates to tax credits which are granted to taxpayers in different forms of taxation. Inclusion of personal circumstances in taxation of income can be accomplished in several ways: by reducing tax base for the basic personal deduction and deduction for dependent household members, by returning the tax to existential minimum or recognizing the tax credit for part of the tax relating to the existential minimum. Finally, the tax credit is often granted easily as a relief in order to avoid double taxation of income. A taxpayer who accomplishes income outside the state in which he resides may deduct tax credit of total tax liability in the country for taxes paid on income earned outside the country. The use of tax credit in this case means that income earned outside the country is already included in tax base. Most often states by their regulations limit the amount of tax credits that may be granted in this way by the amount of tax which would be paid if the income is earned in the country. This principle is also applied in B&H in Laws on income tax of Entities and Brcko District not only in terms of income earned outside B&H but also of income achieved in other Entity and/or District, in order to avoid double taxation of income within B&H.

[4] Ekelund R.B. Jr., Hébert R.F., "A History of Economic Theory and Method", fifth edition, Waveland Press, Inc., Illinois, USA, 2007., pp. 197-199.

**APPENDIX: Tax relief in B&H in the function of growth and employment**

**Republic of Srpska**, according to the latest amendments to the Law on income tax[1] introduced two types of tax reliefs:

(1) **Relief for taxpayers who make investments in manufacturing.** A taxpayer who in the RS invests in the equipment, facilities and property to conduct his own registered manufacturing sector is entitled to a reduction of tax base for the value of the investment. The taxpayer may accomplish the tax relief only for the equipment and facilities to be used directly in the production and processing. Facilities consider new buildings and the land beneath them which directly serve for operational needs. Reduction of the tax base is made in the tax period in which the equipment, facilities or property are placed in service. The taxpayer is not entitled to a reduction of the tax base for the equipment, facilities or property acquired by gift;

(2) **Relief for taxpayers who hire new workers.** A taxpayer who in a calendar year employs at least 30 new permanent employees shall be entitled to a reduction of tax base by the amount of tax paid on income and wages for these workers. The right to a reduction of the tax base the taxpayer can accomplish if he employs workers who are registered with the Employment Institute of RS. The right to a reduction of the tax base is realized at the end of the tax period, in the year in which workers are employed, and after the Tax Administration determines that in the record of Unique System of registration, collection and control of contributions there are 30 employees more with the taxpayer in relation to the previous tax period. The newly employed are not considered to be persons employed in a dependent or parent legal entity of taxpayer.

**Federation of BiH**[2] provides the following tax reliefs:

(1) A taxpayer who has, in the year for which the income tax is determined, accomplished by exports over 30% of the total achieved income shall be exempted from the income tax for that year;

(2) A taxpayer who for the period of five consecutive years invests in the production of at least 20 million KM in FB&H shall be exempted from the income tax for a period of five years starting from the first year of his investment in which at least 4 million KM must be invested;

(3) A taxpayer who employs more than 50% of disabled persons and persons with special needs more than a year shall be exempted from the income tax for the year in which more than 50% of disabled persons and persons with special needs are employed.

**District Brčko**[3] provides the following tax incentives for exporters, investments and employment:

(1) A taxpayer who in the territory of District invests in machinery and equipment to perform his own registered business shall be entitled to a reduction of a tax base by the amount of investment, i.e. for the amount of purchase price of machinery and equipment where the reduction of tax base does not apply to the purchase of passenger vehicles and office furniture;

(2) A taxpayer who in a tax year employs new full time workers is entitled to a reduction of the tax base in the amount of paid gross wages for the newly employed, if the taxpayer or newly employed workers do not use the incentives for employment on any other basis;

(3) A taxpayer who has, in the year for which the income tax is determined, accomplished by exports over certain percentage of the total achieved income shall be exempted from the income tax for that year in a double percentage.

[1] Law on Income Tax („Official Gazette of RS", Nos. 91/06, 57/12)
[2] Law on Income Tax („Official Gazette of FB&H" Nos. 97/07, 14/08 and 39/09)
[3] Law on Income Tax („Official Gazette of Brčko District", No. 60/10, 57/11 and 33/12)

## Implications of tax reliefs

The above-mentioned examples of tax reliefs show that they are often unavoidable in tax systems, particularly when used as an instrument of redistribution of income and wealth or to prevent or mitigate effects of double taxation of income. On the other hand, there is a wide range of negative effects of tax relief application.

Tax systems without tax reliefs, exemptions, deductions, reduced rates etc. are simpler and do not require great resources to comply with the tax regulations. However, tax systems that include tax reliefs are far more complex producing additional costs to the tax authority. For example, the adoption of tax reliefs in income taxation necessarily compels the tax authority to establish the integrated information system on taxpayers (owners of income) and household dependents in order for reliefs to be calculated correctly. In addition, the tax administration should provide continuous updates of data on taxpayers, their marital status, number of children and other household members, the amount of income of household members to determine if they are dependents of household etc. Of course, these data can be changed daily, and it is necessary to provide a centralized database that would allow control of the data reported by taxpayers in their tax cards to prevent frauds. The complexity of tax system with reliefs in a certain way can also affect users of reliefs having additional costs of acquiring necessary documents for granting the deduction, which sometimes can be very extensive (for example the recognition of interest on housing loans). Therefore, administrative complexity may be a factor that will discourage taxpayers to claim tax reliefs.

Tax reliefs lead to a reduction in tax revenues in two ways. The tax base on which tax rates are applied is reduced by using standard and other deductions, reducing the tax base, exempting taxes partially or completely. On the other hand, tax reliefs can mean reduced tax rates, which, if applied to the standard tax base, provide less tax revenue.

The existence of tax reliefs can be a motivation for finding a way to use reliefs without justification. Providing false information on marital status, number of children, household dependents and their income may lead to an outflow of revenue to the taxpayers who are not eligible for reliefs. Similarly, the introduction of differentiated rates in goods and service circulation may be an incentive to show the supply of goods that should be taxed at the standard rate as if they were goods that fall under the lower rate[5]. It is familiar the case in B&H in the period of the sales tax when the bakeries were showing only circulation of bread which was tax-free although they produced all other kinds of pastry. As the tax relief is more complex, the greater is the risk of tax frauds and evasion.

Selectivity in taxation, which is in the base of tax reliefs, in the field of taxation of business entities, certain business entities can put in a privileged position in the market related to its competitors. For example, if the legislator decides to introduce the differentiated VAT rate to a product which is a substitute to a product taxed at the higher rate, it is normal to expect that the consumers would, driven by lower sales price due to lower tax rate, rather chose the lower taxed substitute. Similarly, if the tax reliefs are introduced to investors, other economic entities regardless how many workers they employ and to what extent contribute to the GDP and to public revenues, may be at a disadvantage relative to investors. As the scale of tax reliefs covers the broader range of assets and branches, the market deviations are larger given that consumers are not directed toward the most efficient branches but toward the branches that have a privileged tax position. Distortion of the market situation sends the wrong signals to investors about the

[5] More in: Antić D., "Studija o implikacijama diferenciranih stopa PDV-a u Bosni i Hercegovini", Upravni odbor UIO, juli 2011.g"(„Study on implications of differentiated VAT rates in Bosnia and Herzegovina", the ITA Governing Board, July 2011.) www.oma.uino.gov.ba.

profitability and efficiency of a particular branch, thus jeopardizing the efficiency of capital allocation. The negative consequence of tax relief is the creation of unfair competition, favoring certain economic entities and discriminating others in the market.

EU member states, in order to ensure proper functioning of the single market of the Union, strictly limit all tax measures including tax reliefs which jeopardize market mechanisms and certain groups of taxpayers place in a more favorable position. In 1997 the EU adopted a Code of conduct for business taxation[6], which specifies rules of taxation contrary to the principles of free movement of goods, services, capital and persons, and the principles of market competition within the EU. A detailed list of measures taken by states which may lead to a harmful tax competition is published in 1998. A document, prepared by the OECD, offered a list of countermeasures that seek to oppose to tax measures that threaten the competition and economic and financial decision-making and derogate tax base (revenue) of the States[7].

It should be noted that tax competition (between the region and levels of government within the country or between the countries) can be useful if it leads to a tax harmonization, more efficient tax collection and tax discharge of the economy[8]. The uncontrolled tax competition in one country can absorb the budgets of government levels leading to an unacceptable reduction in the funding of public services and fiscal deterioration[9]. Similar effects of harmful tax competition, only of much wider scale, occur in the EU as well. The Union, as a single economic space, can be regionally and globally competitive only if efficient allocation of capital and other resources within the Union is achieved. This goal can be achieved, among the other measures, by the abolition of tax reliefs.

## Effect of tax expenitures

A direct consequence of tax reliefs is the reduction of tax revenues. By applying tax reliefs so called tax expenditure occurs. Stanley Surrey, a professor from Harvard in 60ties of XX century, introduced the term tax expenditures. This term describes „*revenue expenditures which the government has due to the approval of certain tax concessions or tax preferences, such as credits, exemptions or deductions which are generally introduced with the aim of favoring certain industries, activities or categories of taxpayers*."[10] Given that tax reliefs can be otherwise compensate by the budgetary intervention, i.e. budget transfers to certain categories of taxpayers, Professor Stanley called them tax expenditures. Tax expenditures are defined as the revenue lost as a result of the application of tax laws. They are related to tax exemptions, tax reliefs and deductions, tax credits which reduce tax liability, lower tax rates, and deferred taxes (for example accelerated depreciation). Due to the inability to precisely calculate, countries resort to the estimates of revenue loss[11]. Fiscal transparency rules require that the amounts of tax expenditures must be disclosed in the government's reports on the fiscal operations. Standard 3.1.3. of the IMF Manual on fiscal transparency requires that „*statements describing the nature and fiscal significance of central government tax expenditures …. should be part of the budget documentation, together with an assessment of all major fiscal risks*.[12] There are sound reasons

[6] Council of European Union, Code of conduct for business taxation, 1 December 1997, OJ C 2, 6.1.1998.
[7] More in: OECD, Harmful Tax Competition, An Emerging Global Issue, 1998.
[8] More in: Schön W. (ed.), „Tax Competition in Europe", European Association of Tax Law Professors, IBFD, Amsterdam, 2003.
[9] For example, race between states to lower tax rates in order to attract investors, also known as a „race to the bottom", can result in the effect of „beggar thy neighbor" or colloquially „drain" of income and economic activity in regions/states which are affected by the measures but also in regions/states to implement the measures.
[10] IBFD, "International Tax Glossary", 5th Edition, Amsterdam, 2005., p. 401.
[11] In B&H there was a research on the scope of tax expenditures in the income taxation. More in: Lazović-Pita L., Pita S., "Porezni izdaci u sustavu poreza na dobit: primjer BiH", zbornik radova sa konferencije „ Skrivena javna potrosnja - budućnost poreznih izdataka?, Institut za javne financije, Zagreb, 2012.(„Tax expenditures in the income tax system: the case of Bosnia and Herzegovina", conference proceedings „ Hidden public spending – the future of tax expenditures?", Institute of Public Finance , Zagreb, 10.2.2012.), p. 105-115.
[12] IMF, Manual on Fiscal Transparency, 2007, Washington.

behind this IMF's request. In some countries the lost revenue could be very large. Tax expenditures do not require formal approval as other standard expenditures, since they are already enabled by positive legislation. They remain in effect until the legislation enabling their occurrence remains in effect. However, it is this difference in relation to standard expenses that may reduce the level of fiscal transparency and lead to the escalation and greater revenue loss than expected due to tax frauds, weakening of tax discipline of taxpayers and strengthening of corruption in tax administrations. For these reasons it is necessary to give the estimate of tax expenditures by major categories in the budget proposal for each year preferably with comparable categories of tax expenditures from previous fiscal years[13].

## Tax strategy of developed countries

Due to negative implications developed countries of the EU and OECD advocate the abolition or drastic reduction of tax reliefs. Tax systems retain only reliefs being introduced in order to stimulate Research & Development[14], environmental protection and facilities for Start-Ups that encourage job creation and economic growth.

Global financial and economic crisis has once again put into focus the question of efficiency of tax systems. New EU tax strategies by 2020, then IMF's strategies[15], OECD members[16], supported by analyses from the study of Nobel Price winner James Mirrlees are based on the expansion of the tax base and reducing tax rates.

Approach in designing the tax systems that includes a broader tax base and lower rates would provide an array of benefits which are also characteristics of the ideal tax system:

- *Fairness:* Systems with a broad base and low rates are fairer because they do not include tax reliefs. Economic position of businesses in the market does not depend on tax preferences, but on preferences of customers and efficiency of the internal economy;

- *Efficiency:* the abolition of tax reliefs provides fair competition and full action of market mechanisms in allocating capital and other resources;

- *Simplicity:* tax systems without reliefs are simpler for both tax administration and taxpayers, requiring less time and resources in compliance with tax laws, administration and tax control;

- *Abundance:* Expansion of the tax base includes a wider range of taxpayers increasing collected tax revenue as well. On the other hand, lower rates demotivate taxpayers to seek ways to avoid paying taxes because the "cost" of tax evasion can often exceed the amount of tax duty. The ultimate effect of the new direction of taxation is to reduce the grey economy and increase revenue..

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[13] USA and Germany publish the estimates of tax expenditures since the 60ties of XX century and today almost all OECD member state and many emerging economies and developing countries.
[14] OECD, „Tax Incentives for Research and Development: Trends and Issues", 2002.
[15] IMF World Economic and Financial Surveys, Fiscal Exit: From Strategy to Implementation, Fiscal Monitor, Washington, November 2010, pp. 73-84.
[16] OECD, "OECD's Current Tax Agenda", June 2012., OECD, "Tax policy reform and fiscal consolidation", Tax Policy Brief , December 2010.

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## Consolidated reports

(Author: Aleksandra Regoje)

**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,
- 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: 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.

**Tables 3.1. and 3.2. (Consolidated report: Cantons)**

The consolidated report includes.

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

The reports were prepared according to the method which was used before 2012, since data for their creation had been submitted on the old input forms.
Net financing = loans received – repayment of debt
Net lending = lending-repayment of borrowing

**Includes: (A) Budget of the Republic and extra-budgetary funds recorded in Treasury General Ledger of the RS, (B) total foreign debt for the projects realized through municipalities and companies, and (C) Budget users who have their own bank accounts (including some foreign project implementation units established by ministries)*

## Consolidated report: SA, B&H Institutions, entities, 2012

| | I | II | III | IV | V | VI | VII | I-VII |
|---|---|---|---|---|---|---|---|---|
| Revenue | 418,2 | 402,4 | 532,5 | 503,0 | 501,9 | 541,0 | 518,5 | 3.417,6 |
| Taxes | 382,4 | 357,6 | 455,6 | 440,0 | 460,7 | 441,2 | 484,2 | 3.021,8 |
| Direct taxes | 23,4 | 27,8 | 58,3 | 40,5 | 34,4 | 28,9 | 28,9 | 242,2 |
| Taxes on income, profits and capital gains | 22,8 | 27,1 | 57,3 | 39,6 | 33,4 | 27,9 | 27,8 | 235,8 |
| Taxes on property | 0,6 | 0,7 | 1,0 | 0,9 | 1,0 | 1,0 | 1,1 | 6,3 |
| Indirect taxes (net) | 358,8 | 329,8 | 397,1 | 399,5 | 426,2 | 412,0 | 455,3 | 2.778,7 |
| VAT | 217,9 | 210,1 | 264,0 | 252,3 | 267,4 | 260,0 | 282,4 | 1.754,1 |
| Excises | 105,9 | 85,2 | 91,1 | 102,9 | 114,4 | 109,1 | 124,5 | 733,2 |
| Road fee | 21,2 | 19,0 | 20,6 | 22,7 | 23,9 | 23,5 | 27,0 | 157,9 |
| Customs | 12,6 | 14,5 | 20,1 | 20,1 | 19,1 | 18,0 | 19,7 | 124,1 |
| Other indirect taxes | 1,2 | 1,0 | 1,3 | 1,5 | 1,4 | 1,4 | 1,6 | 9,4 |
| Other taxes | 0,2 | 0,1 | 0,1 | 0,0 | 0,1 | 0,3 | 0,1 | 0,9 |
| Social security contributions | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Foreign grants | 1,8 | 1,1 | 0,6 | 1,1 | 0,4 | 7,1 | 0,4 | 12,5 |
| Other (non-tax) revenue | 33,8 | 43,2 | 77,0 | 61,9 | 40,8 | 91,8 | 33,8 | 382,2 |
| Transfers from other general government units | 0,2 | 0,5 | -0,7 | 0,1 | 0,0 | 0,9 | 0,1 | 1,1 |

| | I | II | III | IV | V | VI | VII | I-VII |
|---|---|---|---|---|---|---|---|---|
| Expenditure | 421,0 | 386,8 | 457,0 | 480,2 | 456,3 | 484,7 | 504,4 | 3.190,5 |
| Expense | 416,5 | 382,3 | 453,2 | 475,3 | 450,4 | 468,8 | 490,4 | 3.136,9 |
| Compensation of employees | 130,3 | 131,5 | 133,0 | 133,6 | 129,2 | 129,2 | 135,9 | 922,8 |
| Use of goods and services | 13,3 | 17,2 | 26,2 | 29,4 | 27,6 | 31,8 | 22,8 | 168,4 |
| Social benefits | 51,5 | 52,7 | 65,1 | 55,1 | 45,3 | 57,9 | 58,8 | 386,4 |
| Interest | 5,0 | 5,8 | 19,2 | 8,5 | 14,3 | 27,6 | 5,1 | 85,6 |
| Interest payments to non-residents | 4,2 | 4,4 | 9,7 | 7,3 | 9,8 | 20,7 | 3,1 | 59,2 |
| Interest payments to residents other than general government | 0,8 | 1,4 | 9,6 | 1,2 | 4,5 | 6,9 | 2,0 | 26,4 |
| Subsidies | 2,2 | 2,4 | 4,0 | 13,8 | 6,1 | 8,4 | 17,8 | 54,8 |
| Grants (to non-residents) | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Transfers to other general government units | 40,9 | 39,9 | 39,9 | 51,1 | 47,6 | 51,5 | 46,0 | 317,0 |
| Transfers from SA (BD, cantons, municip,funds, road funds) | 162,9 | 128,7 | 169,4 | 172,2 | 173,1 | 152,7 | 196,1 | 1.155,0 |
| Other expense | 10,2 | 4,0 | -3,6 | 11,7 | 7,2 | 9,7 | 7,8 | 46,9 |
| Net acquisition of nonfinancial assets | 4,6 | 4,5 | 3,8 | 5,0 | 5,9 | 15,9 | 14,0 | 53,6 |
| Acquisition of nonfinancial assets | 4,7 | 4,9 | 4,3 | 5,3 | 6,2 | 17,7 | 14,5 | 57,5 |
| Disposal of nonfinancial assets | 0,1 | 0,4 | 0,5 | 0,3 | 0,3 | 1,8 | 0,5 | 3,9 |
| | | | | | | | | |
| Gross/Net operating balance (revenue minus expense) | 1,8 | 20,1 | 79,3 | 27,8 | 51,5 | 72,2 | 28,1 | 280,7 |
| | | | | | | | | |
| Net lending /borrowing (revenue minus expenditures) | -2,8 | 15,6 | 75,5 | 22,8 | 45,6 | 56,3 | 14,1 | 227,1 |
| | | | | | | | | |
| Net financing = (Minus) Net lending /borrowing | 2,8 | -15,6 | -75,5 | -22,8 | -45,6 | -56,3 | -14,1 | -227,1 |

*Table 1*

## Consolidated report: General Government 2012

| | Q1 | Q2 | Total |
|---|---|---|---|
| Revenue | 2.507,7 | 2.822,1 | 5.329,8 |
| Taxes | 1.271,3 | 1.435,8 | 2.707,1 |
| Direct taxes | 233,2 | 242,4 | 475,5 |
| Taxes on income, profits and capital gains | 208,1 | 215,6 | 423,6 |
| Taxes on payroll and workforce | 2,6 | 5,3 | 7,9 |
| Taxes on property | 22,5 | 21,6 | 44,0 |
| Indirect taxes | 1.036,0 | 1.191,7 | 2.227,7 |
| Other taxes | 2,1 | 1,7 | 3,8 |
| Social security contributions | 931,3 | 1.020,6 | 1.951,9 |
| Foreign grants | 5,2 | 11,0 | 16,2 |
| Other (non-tax) revenue | 299,0 | 354,3 | 653,3 |
| Transfers from other general government units | 1,0 | 0,4 | 1,4 |
| | | | |
| Expenditure | 2.523,0 | 2.740,2 | 5.263,2 |
| Expense | 2.469,8 | 2.654,6 | 5.124,4 |
| Compensation of employees | 801,2 | 808,0 | 1.609,2 |
| Use of goods and services | 432,8 | 503,7 | 936,5 |
| Social benefits | 1.043,8 | 1.066,5 | 2.110,3 |
| Interest | 37,0 | 59,7 | 96,7 |
| Interest payments to non-residents | 19,3 | 39,5 | 58,8 |
| Interest payments to residents other than general government | 17,7 | 20,2 | 37,9 |
| Subsidies | 49,3 | 65,8 | 115,1 |
| Grants (to non-residents) | 0,3 | 3,8 | 4,1 |
| Transfers to other general government units | 24,8 | 46,3 | 71,1 |
| Other expense | 80,7 | 100,8 | 181,5 |
| Net acquisition of nonfinancial assets | 53,2 | 85,7 | 138,9 |
| Acquisition of nonfinancial assets | 60,9 | 94,0 | 154,9 |
| Disposal of nonfinancial assets | 7,7 | 8,3 | 16,0 |
| | | | |
| Gross/Net operating balance (revenue minus expense) | 37,9 | 167,6 | 205,4 |
| | | | |
| Net lending /borrowing (revenue minus expenditures) | -15,3 | 81,9 | 66,6 |
| | | | |
| Net financing = (Minus) Net lending /borrowing | 15,3 | -81,9 | -66,6 |

*Table 2*

## Consolidated report: Posavina Canton, 2012

| | | I | II | III | IV | V | VI | Q1 | Q2 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Total revenues (11+12+13+14) | 2.409.859 | 2.176.695 | 2.690.658 | 2.566.146 | 2.750.750 | 2.282.291 | 7.277.212 | 7.599.187 | 14.876.399 |
| 11 | Tax revenues | 1.893.829 | 1.664.422 | 2.188.078 | 2.121.986 | 2.135.340 | 1.803.112 | 5.746.329 | 6.060.438 | 11.806.767 |
| | Income & profit tax | 262.892 | 283.812 | 461.446 | 421.373 | 255.145 | 251.776 | 1.008.150 | 928.294 | 1.936.444 |
| | Property tax | 47.509 | 46.458 | 25.805 | 41.416 | 31.859 | 34.986 | 119.772 | 108.261 | 228.033 |
| | Indirect taxes | 1.581.045 | 1.333.416 | 1.700.157 | 1.658.325 | 1.847.393 | 1.515.499 | 4.614.618 | 5.021.217 | 9.635.835 |
| | Other taxes | 2.383 | 736 | 670 | 872 | 943 | 851 | 3.789 | 2.666 | 6.455 |
| 12 | Non-tax revenues | 444.712 | 472.724 | 480.519 | 422.099 | 402.515 | 371.900 | 1.397.955 | 1.196.514 | 2.594.469 |
| 13 | Grants | 71.318 | 39.549 | 22.061 | 22.061 | 212.895 | 107.279 | 132.928 | 342.235 | 475.163 |
| 14 | Other revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | Total expenditures (21+22) | 2.306.623 | 2.746.942 | 2.839.681 | 2.442.647 | 2.905.717 | 2.757.500 | 7.893.246 | 8.105.864 | 15.999.110 |
| 21 | Current expenditures | 2.306.623 | 2.746.942 | 2.839.681 | 2.442.647 | 2.905.717 | 2.757.500 | 7.893.246 | 8.105.864 | 15.999.110 |
| | Gross wages and compensations | 1.704.795 | 1.752.960 | 1.758.987 | 1.734.994 | 1.783.865 | 1.731.611 | 5.216.742 | 5.250.470 | 10.467.212 |
| | Purchases of goods and services | 493.741 | 542.717 | 558.106 | 504.898 | 464.507 | 463.796 | 1.594.564 | 1.433.201 | 3.027.765 |
| | Grants | 96.069 | 434.987 | 521.253 | 199.727 | 656.508 | 549.865 | 1.052.309 | 1.406.100 | 2.458.409 |
| | Interest | 12.018 | 16.278 | 1.335 | 3.028 | 837 | 12.228 | 29.631 | 16.093 | 45.724 |
| | Transfers to lower budget units | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 22 | Net lending | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Net acquisition of nonfinancial assets | 7.602 | -3.538 | 62.007 | 63.153 | 247.663 | 45.936 | 66.071 | 356.752 | 422.823 |
| 4 | Government surplus/deficit (1-2-3) | 95.634 | -566.709 | -211.030 | 60.346 | -402.630 | -521.145 | -682.105 | -863.429 | -1.545.534 |
| 5 | Net financing | -31.491 | 0 | -4.454 | -9.303 | 0 | -32.364 | -35.945 | -41.667 | -77.612 |

*Table 3*

## Consolidated report: Tuzla Canton, 2012

| | | I | II | III | IV | V | VI | Q1 | Q2 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Total revenues (11+12+13+14) | 27.542.794 | 26.062.823 | 34.229.972 | 32.564.277 | 36.149.836 | 33.478.601 | 87.835.589 | 102.192.714 | 190.028.303 |
| 11 | Tax revenues | 23.585.138 | 21.554.931 | 28.159.706 | 26.883.574 | 29.280.350 | 24.494.312 | 73.299.776 | 80.658.236 | 153.958.012 |
| | Income & profit tax | 3.613.766 | 4.262.321 | 5.849.527 | 5.644.920 | 4.588.939 | 5.256.055 | 13.725.615 | 15.489.913 | 29.215.528 |
| | Property tax | 662.290 | 1.004.820 | 892.356 | 673.331 | 991.652 | 658.265 | 2.559.467 | 2.323.248 | 4.882.715 |
| | Indirect taxes | 19.307.331 | 16.281.945 | 21.415.606 | 20.564.135 | 23.697.375 | 18.576.133 | 57.004.882 | 62.837.643 | 119.842.525 |
| | Other taxes | 1.750 | 5.845 | 2.217 | 1.188 | 2.385 | 3.859 | 9.812 | 7.432 | 17.244 |
| 12 | Non-tax revenues | 3.417.078 | 4.084.144 | 5.360.489 | 4.757.229 | 6.203.047 | 6.992.460 | 12.861.711 | 17.952.737 | 30.814.448 |
| 13 | Grants | 528.501 | 423.748 | 686.876 | 858.799 | 635.023 | 1.991.829 | 1.639.125 | 3.485.651 | 5.124.777 |
| 14 | Other revenues | 12.077 | 0 | 22.900 | 64.675 | 31.415 | 0 | 34.977 | 96.090 | 131.067 |
| 2 | Total expenditures (21+22) | 25.906.195 | 30.167.479 | 29.738.829 | 29.985.065 | 32.735.710 | 33.559.277 | 85.812.504 | 96.280.051 | 182.092.555 |
| 21 | Current expenditures | 26.048.464 | 30.308.545 | 29.862.957 | 30.182.437 | 32.719.688 | 33.757.434 | 86.219.966 | 96.659.559 | 182.879.525 |
| | Gross wages and compensations | 19.872.249 | 20.143.205 | 20.393.694 | 19.922.314 | 20.649.512 | 19.852.592 | 60.409.148 | 60.424.417 | 120.833.566 |
| | Purchases of goods and services | 3.606.932 | 4.204.500 | 4.038.556 | 4.956.635 | 5.635.269 | 4.894.424 | 11.849.988 | 15.486.328 | 27.336.316 |
| | Grants | 2.482.633 | 5.863.753 | 5.272.815 | 5.172.317 | 6.279.659 | 8.566.420 | 13.619.202 | 20.018.395 | 33.637.597 |
| | Interest | 18.207 | 16.193 | 72.356 | 49.067 | 71.085 | 356.589 | 106.756 | 476.741 | 583.497 |
| | Transfers to lower budget units | 68.443 | 80.893 | 85.536 | 82.104 | 84.164 | 87.409 | 234.872 | 253.677 | 488.549 |
| 22 | Net lending | -142.269 | -141.066 | -124.128 | -197.372 | 16.022 | -198.158 | -407.462 | -379.508 | -786.970 |
| 3 | Net acquisition of nonfinancial assets | 458.419 | 883.073 | 1.497.588 | 756.783 | 1.919.080 | 3.023.261 | 2.839.080 | 5.699.123 | 8.538.203 |
| 4 | Government surplus/deficit (1-2-3) | 1.178.180 | -4.987.729 | 2.993.554 | 1.822.430 | 1.495.047 | -3.103.936 | -815.995 | 213.540 | -602.455 |
| 5 | Net financing | -147.691 | -434.759 | -32.614 | -282.315 | -347.764 | -1.823.564 | -615.064 | -2.453.642 | -3.068.706 |

*Table 4*