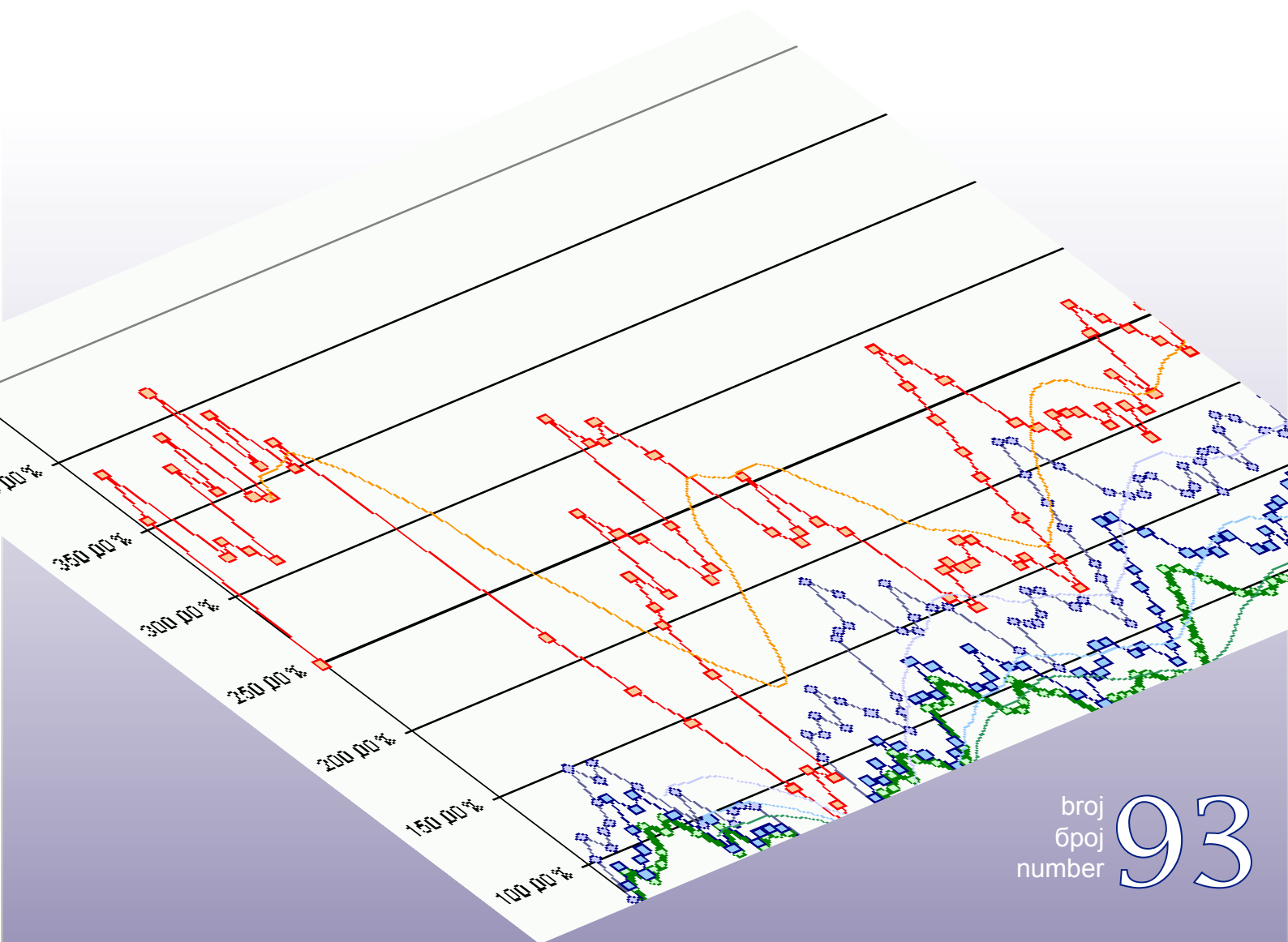




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

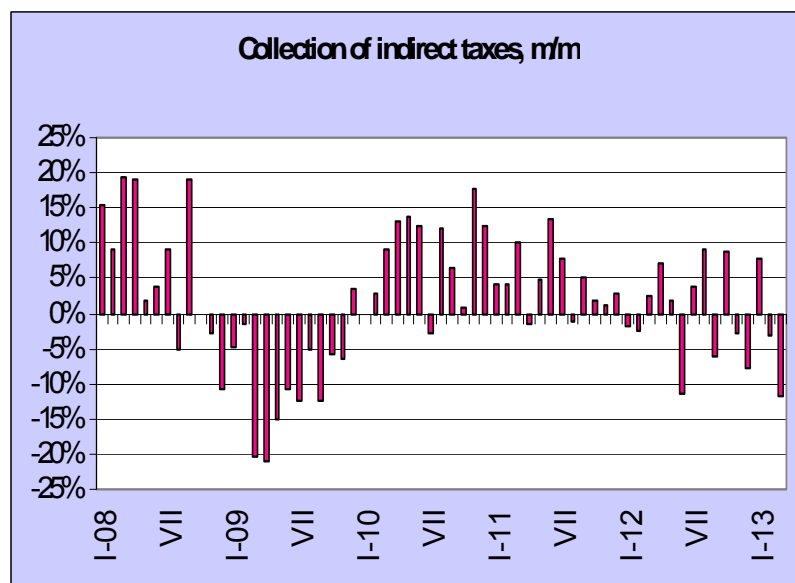
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With this issue

After unusually strong positive beginning of indirect tax collection in January, the first quarter ended with the fall in revenues of 2,8%. Dynamics of indirect taxes in the first quarter of 2013 indicates a deepening of the negative trends of 2012, when only in the third quarter a positive net growth has been recorded. In addition to the negative trend, the characteristic of indirect tax collection in the last 12 months are strong monthly fluctuations (see chart). The oscillations ranged from -12,4% do +9,2.



Monthly fluctuations are mainly the result of strong monthly fluctuations in VAT on imports. On the other hand, the increase in revenues from excises on cigarettes is insufficient to offset the impact of fluctuations in import on revenues from indirect taxes. Unlike the current trends, the review of monthly revenue collection in the period from 2008 to 2011 shows the stability of the payment system, regardless of whether it is about the periods when revenues were in positive zone (first three quarters of 2008, 2010 and 2011), or in the negative zone (fourth quarter of 2008 and the entire 2009). The

stability in collection is not only important for the undisturbed execution of the current budgets, but for the reliability of medium-term revenue projections as well. Inversely, instability of revenues significantly complicates the medium-term projecting of revenues from indirect taxes, and increases the exposure of financing current public needs to unforeseen budgetary shocks.

Dinka Antić, PhD
Head of Unit

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Collection of indirect taxes in the first quarter of 2013

(Author: Dinka Antić, PhD)

TOTAL COLLECTION

According to the ITA preliminary report by types of revenue in March 2013, after deduction of refunds, it was collected 349,9 million KM or 12,4% less than in the same month of 2012. At the quarter level it was collected net revenue in the amount of 1,067 billion KM, which is by 2,8% less than in the same quarter of 2012. This percentage also includes approximately 23,3 million KM of collected revenue that remained unadjusted after linking the Single Account payments with filed returns/declarations in modules of the ITA IT system. Although a positive trend in the collection was recorded in the first two months of 2013 which resulted in a net surplus of 19 million KM, extremely poor revenue collection in March not only annulled it but led revenues in the negative zone of 30,8 million KM. Problems with maintaining a stable level of collection could be discerned even in February when the revenue collection was the same as it was in February 2012, although extremely low revenue collection was recorded then due to snow storms. In addition to the fall of the gross revenue in March, the negative trend was additionally worsened by increasing refunds of indirect taxes. Quarterly trends of total collection of indirect taxes point to deepening negative trends from 2012 which is only in the third quarter recorded a positive net growth (Chart 1).

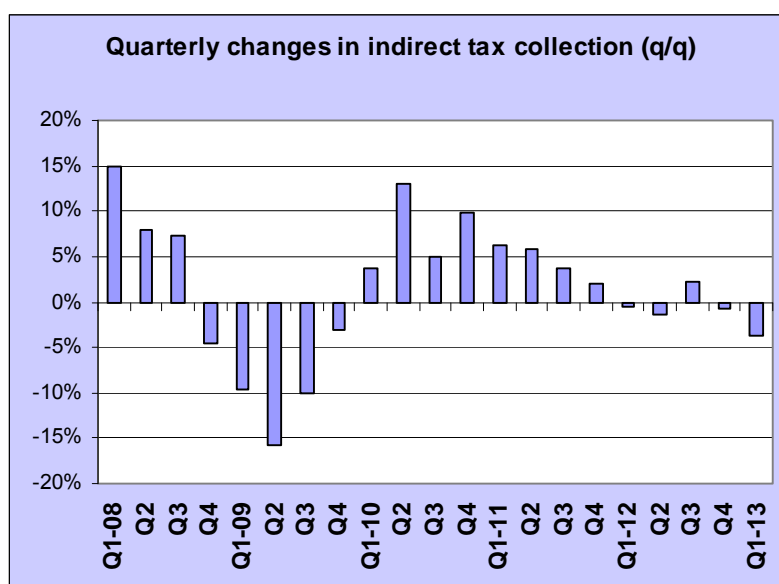


Chart 1

ANALYSIS BY TYPE OF REVENUE

In March, a decrease of revenues was recorded in all major groups of revenues, which is reflected in cumulative collection (Chart 2).

Table 1

	III 2013/ III 2012	Cumulative 2013/ 2012
Customs duties	-5,9%	-2,3%
VAT	-17,6%	-3,4%
Excise duties	-9,6%	-3,9%



Chart 2

Bearing in mind that at the level of quarter 23 million KM of unadjusted revenue was collected and that according to past experience most unadjusted revenues related to VAT, after their adjustment with returns and declarations in the final report for March, somewhat better picture of VAT can be expected.

Customs duties

In the first quarter of 2013 the trend of reduction in customs revenues continued.

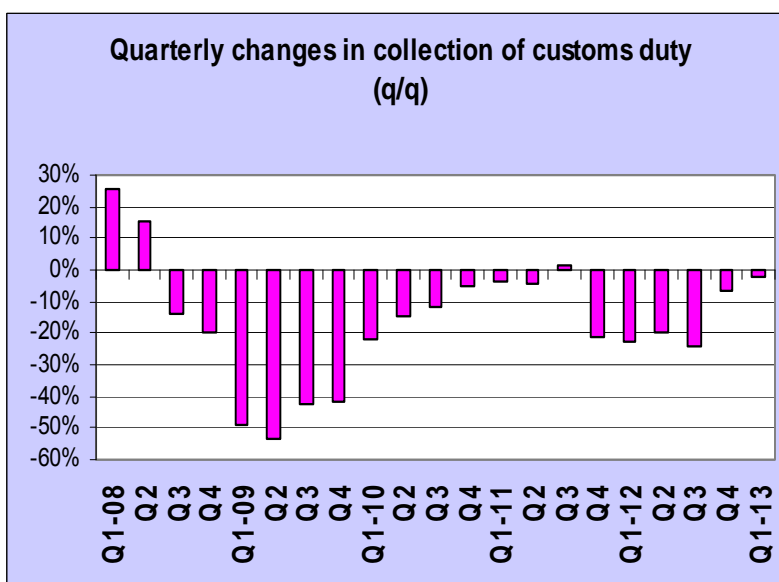


Chart 3

One of the reasons is the implementation of the final phase of liberalization of imports of goods originating from the EU in line with the Stabilization and Association Agreement with the EU.

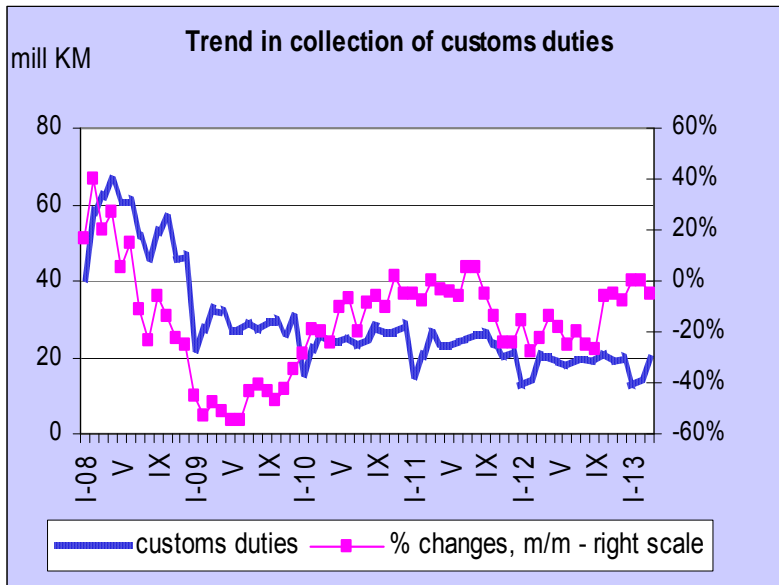


Chart 4

VAT

Movement of revenue collected from VAT in the first quarter of 2013 is largely similar to a quarterly scheme of movement of total indirect tax revenue, considering the dominant share of these revenues in total revenues (Chart 4). However, there has been a sharper decline in revenues from VAT in relation to total revenues. After the increase in revenues from VAT of 7,6% in January, in February it was reported decrease in net collected VAT of 2,7% and in March there was unexpected escalation and decline in revenues of 17%. From Chart 6, which gives an overview of cumulative developments scheme during the year, it can be seen that the scheme of VAT collection in the first quarter of 2013 is quite unusual and negative trend is troublesome, given that VAT is predominant type of indirect taxes.

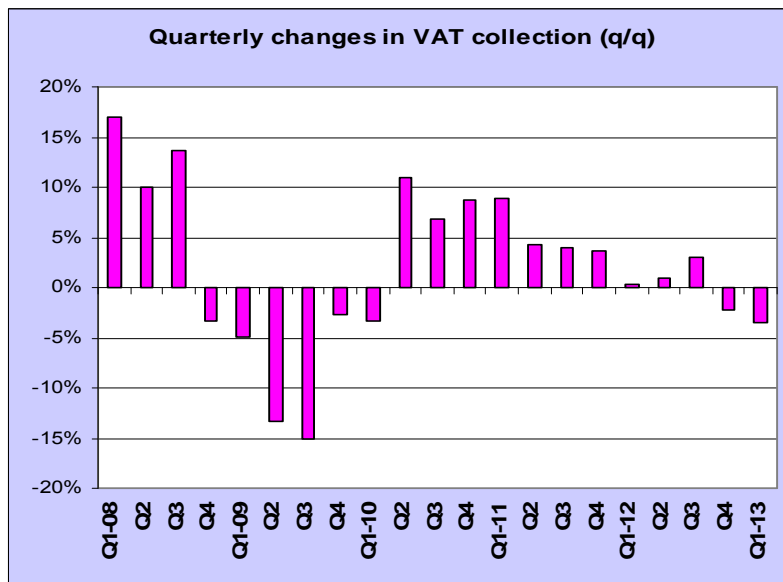


Chart 5

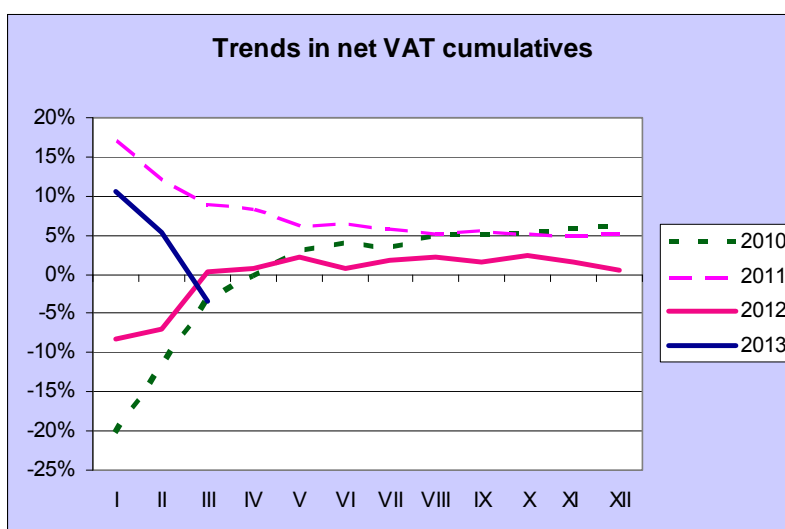


Chart 6

There are two main factors burdening VAT collection in the past two years:

- Refund payments
- debts.

The separation rate of gross VAT for refund payments in the first quarter of 2013 was 26,7%, given that this rate was 28% in February and 27% in March (Chart 7). Observing rates of refunds in the previous years it can be concluded that there has been a sharp deterioration in trends.

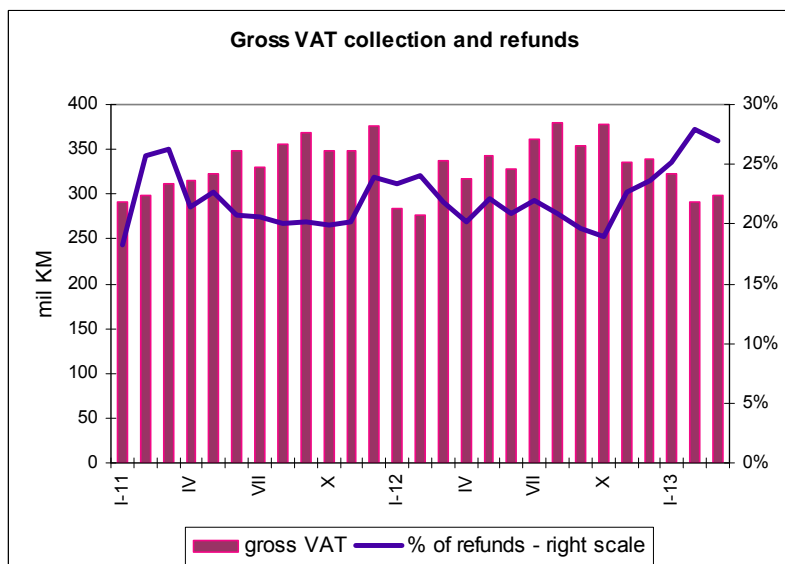


Chart 7

Comparison of VAT refunds payments in the first quarter of the previous years indicates the increase of refunds to taxpayers and international projects. In the first quarter of 2013, in nominal terms, the highest amount of refunds has been paid since 2008. Compared to the last year the increase of refunds is 18,2%, while compared to pre-crisis 2008 year it amounts to 18,7%. Enormous growth of refunds in the first quarter relates to refunds to international projects, 62,7%. The growth of refunds to international projects is so rapid that it has led to refund

structure changes, in which, despite to growing refunds to taxpayers, the share of this category in 2013 is lower for 10 percentage points in 2013 compared to pre-crisis 2008.

Since the outbreak of the global economic crisis, revenue collection from VAT is burdened with rising debts on the basis of declared and unpaid VAT. After the reduction of debts in January, additional 6 million KM of debt was recorded in February so the state of debts on February 28 2013 amounted to 251,5 million KM. Total debts, including debt assessed for taxpayers who failed to file VAT returns, amounts to 310 million KM.

Excise and road taxes

Collection of excise revenue in March 2013 was entirely negative, except for excise duties on domestic cigarettes. Strong monthly fluctuations in the collection can be seen from the Table 2 especially with the most important excise products, oil derivatives and cigarettes. Also, a surprising fact is a negative trend in excise duties on coffee, especially as the year of 2012 was ended with the stable growth of 8%.

Table 2

	I - 2013 / I - 2012	II 2013/ II 2012	III 2013/ III 2012	cumulative 2013/ 2012
Total tobacco	12,4%	-15,0%	-9,7%	-2,7%
Tobacco import	18,1%	-12,4%	-20,7%	-4,3%
Tobacco domestic	1,9%	-21,6%	24,6%	0,9%
Oil derivatives	-6,2%	-7,5%	-8,4%	-7,3%
Imported	15,0%	-5,2%	-11,5%	-0,7%
Domestic	-27,9%	-10,6%	-3,8%	-15,5%
coffee	-8,8%	-3,2%	-10,1%	-7,6%
alcohol, beer	-2,8%	17,1%	-12,2%	3,2%
Road tax	-4,2%	-9,7%	-8,1%	-8,0%

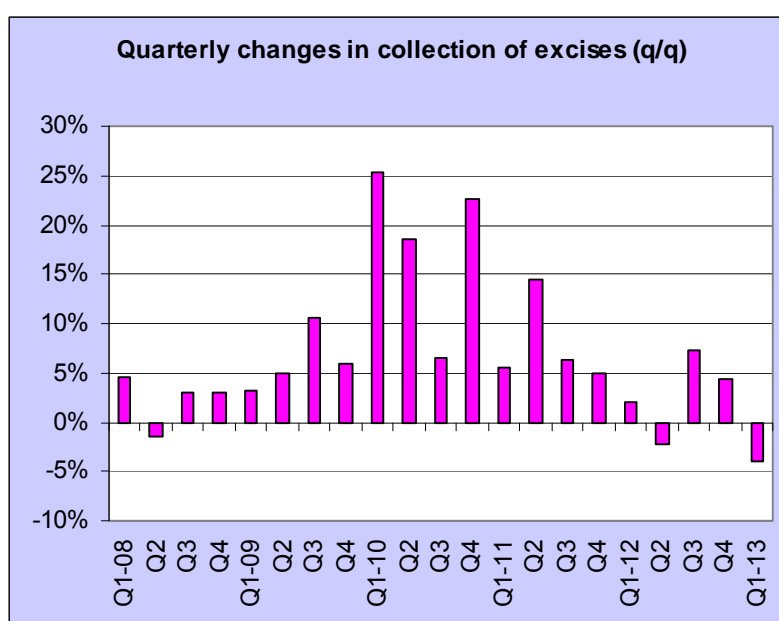


Chart 8

Comparisons of quarterly collection (Chart 8) from the outbreak of the crisis until the end of 2012 show only two quarters in which the collection of excise duties was negative but to a lesser degree than it was the collection in the first quarter of 2013.

So far, the projected growth of indirect tax revenues depended to a great extent on the increase in revenues from excise duties on cigarettes. Negative trends that started back in 2011 have deepened in 2012. In 2011, it was withdrawn 7,8% stamps less than in 2010, while in 2012 it was withdrawn 12,25% less. Number of withdrawn stamps in the first quarter was for 15,5% lower compared to the same quarter of 2012 (Chart 9). Forecasts of further developments of excise duties on cigarettes are extremely pessimistic. It is necessary to act quickly on operational measures and changes in taxation policy of tobacco products to combat strong tax evasions and harmonization of taxation of cigarettes and substitutes.

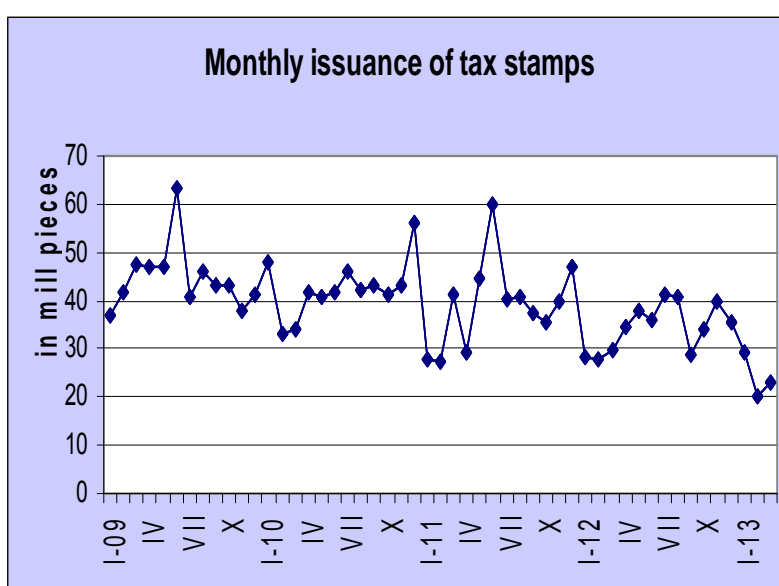


Chart 9

Unfavourable trends are continued in collection of excise duties on oil derivatives. They are mainly a result of reduced economic activity and consumption of citizens as well as the growing substitution of gasoline with diesel. In addition, due to overhaul of Refinery at the end of 2012 and the beginning of 2013, the import of oil was reduced and thus the production and trade of oil products in the first two months. In the first quarter of 2013 a drop of consumption of all derivatives was recorded, mostly heating oil and gasoline, while the reduction of imported and produced quantity of diesel amounted 5,3% and 4% respectively. The encouraging fact is the restoration of consumption of heating oil within the framework from the previous years, which may be a result of the measures implemented by the ITA to combat abuses in the use of heating oil as fuel.

Establishing Cooperation between Tax Administrations in the EU: Lessons for B&H

(Author: Dinka Antić, PhD)

By the Letter of Intent from September 2012 Bosnia and Herzegovina has committed, under the Stand-By Arrangement with the International Monetary Fund, to strengthen cooperation among tax administrations by establishing official information exchange on taxpayers. Tax administration system of cooperation should be agreed by end-May 2013 while its operationalisation is expected in the second half of 2013.

Given that B&H is only at the stage of political consultation for mechanisms of cooperation among tax administrations, it is the right moment to clarify the operational models of cooperation laid down by the EU for its members, that have been also offered to the EU candidate countries and third countries. In several episodes we will present the legal framework and mechanisms for cooperation platform of tax administrations in the EU in the field of direct and indirect taxes, and to propose a conceptual framework for possible cooperation model of tax administrations in B&H.

Since transparency in the financial transactions became an imperative of the most developed countries in the fight against global tax frauds, within the same theme in the next issues of the bulletin, we will also present global cooperation mechanisms for countries in the tax area established by the Council of Europe and OECD.

1. INTRODUCTION

According to the Letter of Intent the system of administrative cooperation among tax administrations in B&H should include the Indirect Taxation Authority (ITA), tax administrations of the Entities and Brcko District¹. Supplementary Letter of Intent from December 2012 specified deadlines for the establishment of the administrative cooperation system in B&H. By the end of May 2013 it is necessary to sign a Memorandum of Understanding between the Indirect Taxation Authority, Brcko District and Entities' tax administrations on data exchange and with automated systems of information exchange becoming operational in the second half of 2013². The IMF report, after the first review in December 2012, confirmed these obligations of B&H³.

The obligation of establishing the administrative cooperation among tax administrations of B&H is the understandable request of the IMF considering decentralized fiscal structure of B&H in which the District and Entities have exclusive jurisdiction over direct taxes while the responsibilities for indirect taxes were delegated to the level of B&H. In a fragmented tax system in a country, which is a single economic space, various tax misuses are possible by taxpayers resulting tax evasion and grey economy. In a situation when there is no exchange of information between tax administrations, the taxpayer of indirect taxes may, for example, for the purpose of VAT, report a different turnover than that reported as the taxpayer of direct taxes. Or, taxpayer of direct taxes whose annual turnover exceeds the threshold for VAT registration can remain outside the VAT

¹ IMF, Bosnia and Herzegovina: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding September 11, 2012, pp. 2-3. <http://www.imf.org/external/np/loi/2012/bih/091112.pdf>

² IMF, Bosnia and Herzegovina: Supplementary Letter of Intent, and Addendum to Technical Memorandum of Understanding December 6, 2012, p.4. <http://www.imf.org/external/np/loi/2012/bih/120612.pdf>

³ IMF, Bosnia and Herzegovina: First Review Under the Stand-By Arrangement, IMF Country Report No. 12/344, December 2012, <http://www.imf.org/external/pubs/ft/scr/2012/cr12344.pdf>

system if the ITA has no knowledge about it. In the area of direct taxes abuses can happen as well if legal or natural person operates or achieves income in another Entity/District.

IMF request for the establishment of the administrative exchange of information between tax administrations is in line with the global process of transparency in the field of taxation which under auspices of the Council of Europe and OECD promotes the exchange of information on taxpayers and transactions in order to eliminate or prevent the new global phenomenon – the double non-taxation. The need for administrative cooperation between tax administrations and extensive exchange of information has gone beyond national and regional boundaries. As part of global initiative of the Council of Europe and OECD 43 countries have acceded to the Convention on Mutual Administrative Assistance in Tax Matters while even 120 countries were included in the multilateral Global Forum on Transparency and Exchange of Information for Tax Purpose⁴. In this sense, provisions of Article 98 of the Stabilization and Association Agreement (SAA) obligate B&H to be incorporated into the system of data exchange in the field of taxation established by the OECD.

Finally, the IMF's request to establish administrative cooperation in the area of taxes is in accordance with the EU standards and obligations from the chapter 'Taxation' that B&H has to fulfil in the *acquis* process. This obligation has already been emphasized by provisions of Article 98 of SAA⁵ that bind B&H and the EU to cooperate in the field of taxation. Given the high degree of fiscal autonomy of Entities and the District in B&H it is possible to draw a parallel with decentralized fiscal system of the EU in which the Member States are solely responsible for direct taxes while at the level of the EU harmonized framework for indirect taxes is provided which includes the minimum standards of taxation (tax base, rates, exemptions, etc). The process of positive tax integration in the EU in the last decade includes the adoption of a binding legal framework for administrative cooperation of tax administration members in the area of VAT and excise duties and as of 2013 in the area of direct taxes as well. The introduction of automatic exchange of information relevant for the assessment of direct taxes is a major political breakthrough for the EU members given that this question touches the fiscal sovereignty of the Member States. In addition, the adoption of a harmonized legal framework for cooperation between tax administrations is the winning of new forces in the EU that are committed to maximum transparency in taxation and finances in global business. Specifically, internationalization of administrative cooperation of tax administrations is an adequate response to the growing internationalization of taxpayers' business and the emergence of new financial instruments. The emergence of cross-border and international tax frauds in addition to threatening the budgets of Member States and the Union, it also undermines fairness of taxation, since regular taxpayers pay more tax than they should, and threatens the efficiency of capital allocation and equal competition in the market⁶. Exchange of information on taxpayers and transactions allows States to assess properly tax obligations in the field of direct taxes but also to combat tax evasion and tax fraud and eliminate double taxation within the EU.

Bearing in mind the commitment of B&H for European integrations the operational model of administrative cooperation of tax administrations in B&H should be based on mechanisms, standards and best practices of the EU. Such approach would not only enable the fulfilment of obligations to the IMF but it would also represent an appropriate step towards integrating B&H into the system of administrative cooperation of tax administrations of the EU.

⁴ More in: www.oecd.org

⁵ Ibid.

⁶ Terra, B. J.M. and Wattel, P.J., „European Tax Law“, Fifth Edition, Kluwer Law International, 2008, p.661.

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2. EVOLUTION OF A LEGAL FRAMEWORK OF COOPERATION IN TAXES IN THE EU

The evolutionary path of the legal framework of cooperation of tax administrations of the EU members followed the legal positioning of taxation in the EU Treaty. Because of the importance of fiscal sovereignty for the preservation of the national sovereignty of the Member States, taxation was not included in the common policy of the EU. However, a certain level of integration of taxes was necessary. Retention of autonomous national tax systems would lead to tax competition between the Member States and the fragmentation of the single market along national borders, which directly threatens the basic principles of the EU market – free movement of people, goods, services and capital.

Linking tax administrations of the Member States is necessary in order to mitigate the negative fiscal consequences of market integration of the Member States into the single Community market. Elimination of fiscal boundaries between the Member States led to the weakening of control mechanisms of national fiscal authorities. In order to overcome this situation in the initial period of VAT harmonization, certain mechanisms of cooperation of tax administrations are established. In the same year when the EC Sixth Directive⁷ on VAT was adopted, which introduced the harmonized VAT system in the EC, Council Directive 77/799/EEC⁸ was also adopted which stipulates mutual cooperation between the tax authorities of the Member States in the field of direct and indirect taxation. By expanding business of companies in the EU territory and emerging international chain frauds in VAT segment, a closer cooperation of all Member States in the fight against tax frauds became an urgent European issue. Solving this problem required the adoption of binding EU regulations which will directly, without the intervention of the Member State, prescribe obligations of the Member States in the field of indirect taxation. In 1992 Council Regulation 218/92 on administrative cooperation in the field of indirect taxation⁹ was adopted, and its provisions were, after completing the legal framework for harmonized system of excise duties in the EU, divided into two regulations. In the area of VAT from 1 January 2004 until 31 December 2011 Regulation 1798/2003¹⁰ has been applying, and as of 1 January 2012 a new redesigned Council Regulation 909/2010 on administrative cooperation in the field of VAT¹¹ has been in effect. After having legally completed common system of excise taxation in the EU, Regulation 2073/2004 on administrative cooperation in the field of excise duties¹² has been in effect as of 1 July 2005.

By excluding VAT and excise duties, the scope of Directive 77/799/EEC included only cooperation in direct taxation. The Member States were obliged by amendments from 2003¹³ to exchange data required for taxation of insurance premiums in order to protect financial interests of the Members and to ensure the neutrality of financial markets. The aim of adding provisions on the method of data exchange and obligations of the Member State submitting data was to accelerate the

⁷ Sixth Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes – Common system of value added tax: uniform basis of assessment - 77/388/EEC

⁸ Council Directive 77/799/EEC of 19 December 1977 concerning mutual assistance by the competent authorities of the Member States in the field of direct and indirect taxation

⁹ Council Regulation (EEC) No 218/92 of 27 January 1992 on administrative cooperation in the field of indirect taxation (VAT)

¹⁰ Council Regulation (EC) No 1798/2003 of 7 October 2003 on administrative cooperation in the field of value added tax and repealing Regulation (EEC) No 218/92

¹¹ Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (recast)

¹² Council Regulation No 2073/2004 of 16 November 2004 on administrative cooperation in the field of excise duties

¹³ Council Directive 2003/93/EC of 7 October 2003 amending Council Directive 77/799/EEC concerning mutual assistance by the competent authorities of the Member States in the field of direct and indirect taxation

exchange of data¹⁴. Still, mentioned partial changes to Directive 77/799/EEC were insufficient for fiscal authorities of the EU Member States to gain an effective instrument to combat growing tax frauds in the era of globalization of business and finance. National Tax Administrations of the Member States did not have the mechanisms and the authority to control all international transactions of taxpayers with the seat in that Member State. In order to fully control taxpayers, in the first place, they should have complete access to information that can be obtained only from other Member States.

The global economic crisis has accelerated activities on the development of new EU tax strategy. During 2009 it became clear that for the quick exit from the crisis it was not enough to implement fiscal consolidation on the expenditure side but it was also necessary to take measures to increase tax revenue without increasing tax burden and to eliminate all fiscal barriers for business operations in the EU single market. Individual actions of the Member States in the area of direct tax collection, due to national legal limitations, were insufficient to quickly eliminate tax evasion in transactions on the Union's market, which is the result of the inability of the Members' tax administrations to control the international flows of money of their taxpayers. On the other hand, existing legal framework of the EU in the form of Directive 77/799/EEC could not respond to this task. It was necessary, based on the established confidence between Members, to create a more efficient legal instrument for administrative cooperation between the Member States' tax administrations in the field of direct taxation. In mid-February 2011 the EU Council adopted a new Directive 2011/16/EU (Directive) on administrative cooperation in the field of taxation¹⁵. The new Directive entered into force on the day of its publication in the EU Official Journal from 11 March 2011 with effect from 1 January 2013. EU Member States were given a period of 22 months to incorporate the Directive into national law. Unlike cooperation in the field of VAT and excise duties, it has not been possible to prescribe the administrative cooperation in the field of direct taxation, due to fiscal sovereignty of the Member States, by the regulation with direct application in the Member States but by the Directive defining minimum standards that Member States have to fulfil. However, despite these limitations, the new Directive provides a wide range of instruments and mechanisms of cooperation between the Members based on common rules, obligations and rights that apply equally to all Members of the Union. By the end of 2012 the European Commission adopted the Implementing Regulation 1156/2012¹⁶, laying down detailed rules for data exchange in terms of provisions of Directives. Regulation shall apply from 1 January 2013.

The legal framework of administrative cooperation system between Member States' tax administrations was completed by adopting Directive 2011/16/EU. Although the legal framework for cooperation in taxation consist of two regulations (VAT, excise duties) and new Directive, provisions of these EU laws are largely consistent, except in certain areas where the differences are necessary because of the specifics of certain types of taxes or the need to maintain the influence of the Member States in certain spheres of data exchange.

Hereinafter we give a comparative overview of set of regulations that prescribe the establishment of administrative cooperation system in taxation, indicating differences by type of tax.

¹⁴ Council Directive 2004/56/EC of 21 April 2004 amending Directive 77/799/EEC concerning mutual assistance by the competent authorities of the Member States in the field of direct taxation, certain excise duties and taxation of insurance premiums

¹⁵ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, OJ L 64, 11.3.2011.

¹⁶ Commission Implementing Regulation (EU) No 1156/2012 of 6 December 2012 laying down detailed rules for implementing certain provisions of Council Directive 2011/16/EU on administrative cooperation in the field of taxation, OJ L 335, 7.12.2012

3. SCOPE OF ADMINISTRATIVE COOPERATION SYSTEM

The basic difference between the three European laws providing administrative cooperation is in the scope of application of regulations with respect to:

- i. Division of taxes by type
- ii. Division of taxes to authority levels that collect them.

Given the existence of regulations on cooperation in the field of VAT and excise duties new Directive 2011/16/EU **shall not apply** to VAT and excise duties that are the element of the EU common harmonized excise system. Furthermore, Directive **shall not apply** to customs duties, compulsory social contributions, regardless of whether they are collected by the Member State or the Agency of the Member State or social security institution (i.e. funds) established under public law, nor to fees (for example fees for certificates collected by public institutions) and dues of a contractual nature (for example dues for public utilities). These provisions imply that Directive 2011/16/EU **shall apply to:**

- All direct taxes;
- Other indirect taxes collected by the Member States which are not regulated at the EU level;
- Voluntary social insurance.

Review of regulations governing cooperation in certain type of taxes is given in Table 1.

Dilemma does not exist in terms of the division of taxes to authority levels that collect them, keeping in mind that VAT and excises are taxes collected by central/federal government. Therefore, specific guidelines exist only in the new Directive 2011/16/EU that its provisions **apply to all taxes, of any kind, levied by the Member States and administrative or territorial subdivisions on behalf of the Member States, including taxes levied by local authorities.**

Table 1: Review of the scope of regulations from administrative cooperation of the EU tax administrations (author's overview)

Type of tax	Regulation providing administrative cooperation
Indirect taxes	
1. VAT	Council Regulation 909/2010
2. Excise Duties: <ul style="list-style-type: none"> • Tobacco products (cigarettes and tobacco products) • Alcohol, beer, wine and spirits • Energy products (oil derivative, gas, electricity, coal and coke) 	Council Regulation 2073/2004
3. Customs Duties	-
4. Other indirect taxes (except 1-3)	Directive 2011/16/EU
Direct taxes, including taxes collected by agencies and local level	Directive 2011/16/EU
Social contribution	
1. Mandatory social contribution	-
2. Voluntary social contribution	Directive 2011/16/EU
Non-tax revenue	
1. Fees	-
2. User charges	-

Tax cooperation system covered almost all taxpayers, legal and natural persons, regardless of their legal form. The broadest definition of a person-taxpayer is prescribed by the Directive, which is understandable given the numerous types of legal forms that recipients and payers of income

from employment, property and capital are having now. The lack of previous 'old' directive was the restriction on certain legal forms of business entities, which in the expansion of the new legal forms led to the situation where many taxpayers remained outside the scope of application of the directive. Instead of determinant "person who is taxed" the new Directive provides a broad definition of a taxpayer, which in addition to traditional legal forms, foundations, trusts and investment funds, also includes all other forms and legal arrangements and instruments which may be set up by taxpayers in the Member States. The narrowest definition of the person is given in the Regulation on Cooperation in the field of excise duties, which is understandable bearing in mind the definition of the excise taxpayer and registered warehouse keeper. The view of the contents of the term 'person' in regulations providing cooperation in certain types of taxes is given in Table 2.

Table 2: Definition of the term „person“ (author's overview)

Regulation on VAT	Regulation on excise duties	Direct taxes
Natural persons		
Legal persons		
Associations of persons recognized as having the capacity to perform legal acts, but lacking the status of a legal person, where the legislation so provides		
Any other legal entity, regardless of the nature and form, regardless of whether it has legal personality, performing transactions that are subject to VAT	-	Any other legal arrangement, of whatever nature and form, regardless of whether it has legal personality, owning or managing assets, if the assets or income are subject to the taxes covered by the Directive

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.

**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)*

Preliminary consolidated report: SA, B&H Institutions, entities (2013)

	I	II	Total
Revenue	434,7	381,8	816,5
Taxes	409,4	348,7	758,0
Direct taxes	22,7	29,7	52,4
Taxes on income, profits and capital gains	22,0	29,0	51,0
Taxes on property	0,6	0,7	1,4
Indirect taxes (net)	386,7	318,9	705,6
VAT	240,7	210,2	450,9
Excises	112,0	76,4	188,5
Road fee	20,3	16,8	37,1
Customs	12,6	14,5	27,1
Other indirect taxes	1,0	1,0	2,0
Other taxes	0,0	0,0	0,1
Social security contributions	0,0	0,0	0,0
Foreign grants	1,4	0,7	2,1
Other (non-tax) revenue	23,9	32,4	56,3
Transfers from other general government units	0,0	0,0	0,1
Expenditure	411,9	390,4	802,3
Expense	407,5	387,3	794,9
Compensation of employees	123,1	123,8	246,9
Use of goods and services	14,6	21,8	36,4
Social benefits	52,6	54,2	106,8
Interest	4,2	7,0	11,3
Interest payments to non-residents	2,3	5,5	7,8
Interest payments to residents	2,0	1,5	3,4
Subsidies	2,2	2,4	4,6
Grants (to non-residents)	0,0	0,0	0,0
Transfers to other general government units	40,3	37,1	77,4
Transfers from SA (BD, cantons, municipalities, funds, road funds)	165,4	132,4	297,9
Other expense	5,1	8,5	13,6
Net acquisition of nonfinancial assets	4,4	3,0	7,4
Acquisition of nonfinancial assets	4,6	3,3	7,9
Disposal of nonfinancial assets	0,2	0,2	0,5
Gross/Net operating balance (revenue minus expense)	27,1	-5,5	21,6
Net lending /borrowing (revenue minus expenditures)	22,8	-8,6	14,2

Table 1

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