

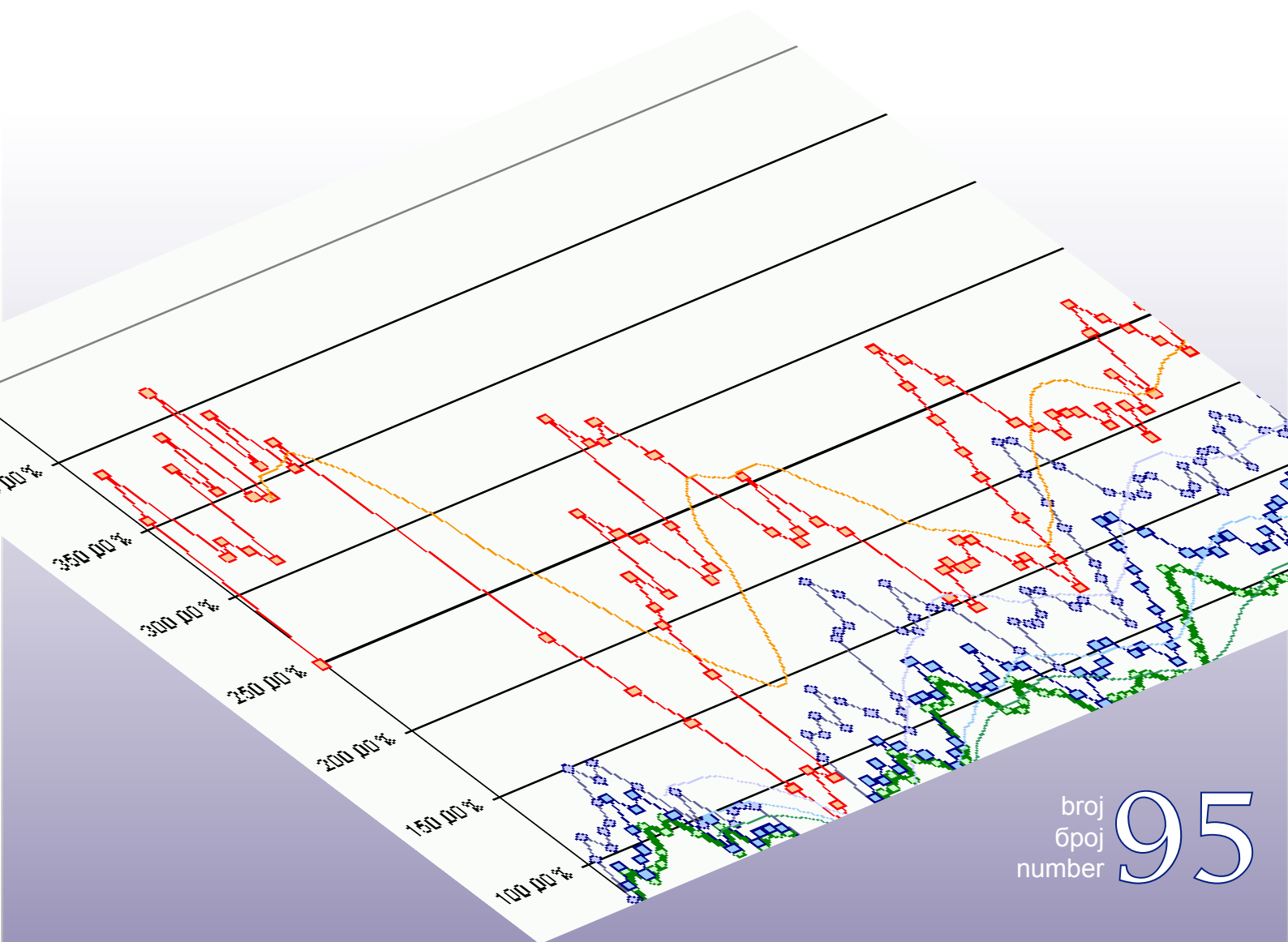
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-
neizravno oporezivanje



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

Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue

According to the preliminary report of the ITA by type of revenue the collection of gross revenues from indirect taxes in May was higher by 3,3% than in the same month of 2012. Since the payments of refunds increased by 5.8% in the same period, the net revenue growth in May was 2,8%. When observed at the level of period from January to May 2013, the gross indirect tax revenue growth amounted to 0,96%. At the level of five months it was paid 16,7% more refunds, which ultimately resulted in a shortfall in revenue of 37 million KM (Chart 1), or a decline of 1,9% (Chart 2)

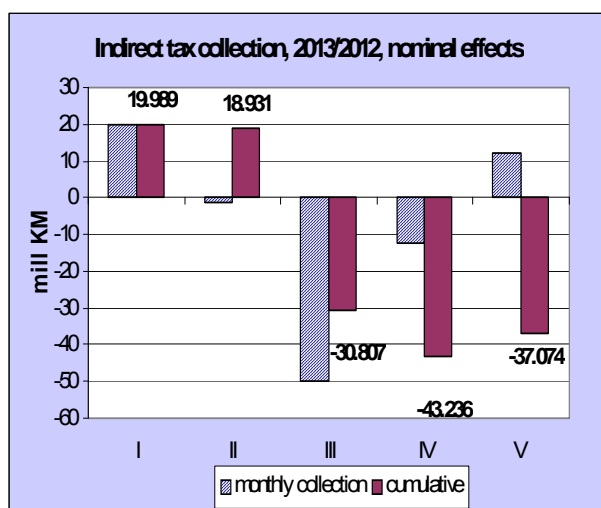


Chart 1

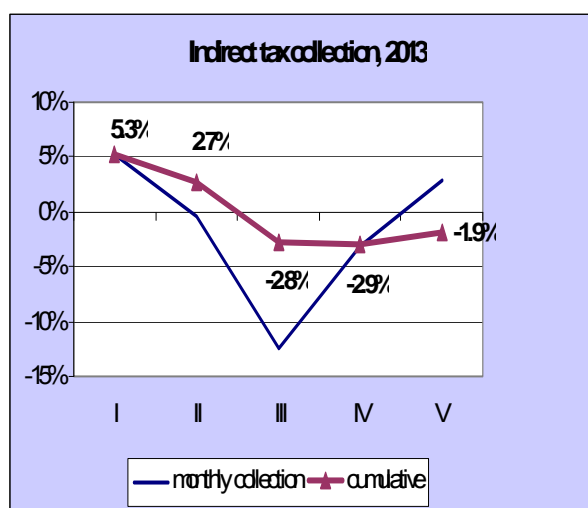


Chart 2

In the first five months of the 2013 the negative trends were recorded in all major groups of indirect taxes. However, the positive trend in May led to a reduction in the dubiousness of excise revenues, while the revenues from net VAT symbolically decreased. It was recorded in May 2013 a strong increase in collection of excises on tobacco of 14,8%, on the domestic petroleum products of 34,1% and on the group of products consisted of alcohol, beer, wine, alcoholic and non-alcoholic beverages of 7,1%. The strong growth in revenues from excise taxes on imported cigarettes is mainly related to cigarettes from Croatia prior to accession of Croatia to the EU. Thus the projections of the Unit had been fulfilled (see Bulletin No. 88/89) that the cigarette manufacturers from Croatia would implement strategies that involve the longer delay of custom duties in order to maintain the market share after the accession of Croatia to the EU. Given the high share of cigarettes from the Croatian market in B&H it can be expected that the stock accumulation of cigarettes prior to 1 July 2013 would lead to a significant decline in revenues from excise taxes in the next few months.

Dinka Antić, PhD
Head of Unit

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Establishing Cooperation between Tax Administrations in the EU: Lessons for B&H, Part II¹

(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.

4. ARCHITECTURE OF THE ADMINISTRATIVE COOPERATION SYSTEM

The architecture of the administrative cooperation system of the EU tax administrations, hierarchy of decision making and subordination lines are showed in Chart 1.

(a) *competent authority* – Each Member State is required to designate the competent authority for the implementation of the Regulation and to inform the Commission thereof. In principle, in accordance with the organizational scheme in a particular Member State, „competent authority“ may be the Ministry of Finance, income tax authority, tax administration or some other institution competent for taxes. The Commission shall publish a list of competent authorities in the Official Journal of the EU.

(b) *central liaison office* – Each Member State is required to form a single central liaison office. After the establishment of the central liaison office, each Member State is responsible for informing the European Commission and the other Member States thereof. Principal responsibility of the central liaison office is to establish and maintain the cooperation with the EU Member States and, by the authority, the cooperation with the Commission.

(c) *liaison department* – The competent authority may designate a number of liaison departments. Liaison departments are coordinated by the central liaison office which is responsible for informing other Member States' central liaison offices on locations of liaison departments if the investigation requires.

¹ Part I of the article was published in the Bulletin # 93, April 2013

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(d) *competent official* – If it is necessary to accomplish direct cooperation with the other Member States, for example in terms of more complex or important investigations, the competitive authority may designate competent officials who will get authority and who will work on specific assignments. The central liaison office shall be responsible for keeping the list of competent officials and making it available to the central liaison offices of the other Member States at their request. Officials engaged in the inspection and simultaneous controls shall be deemed to be competent officials for that purpose, in accordance with arrangements laid down by the competent authority.

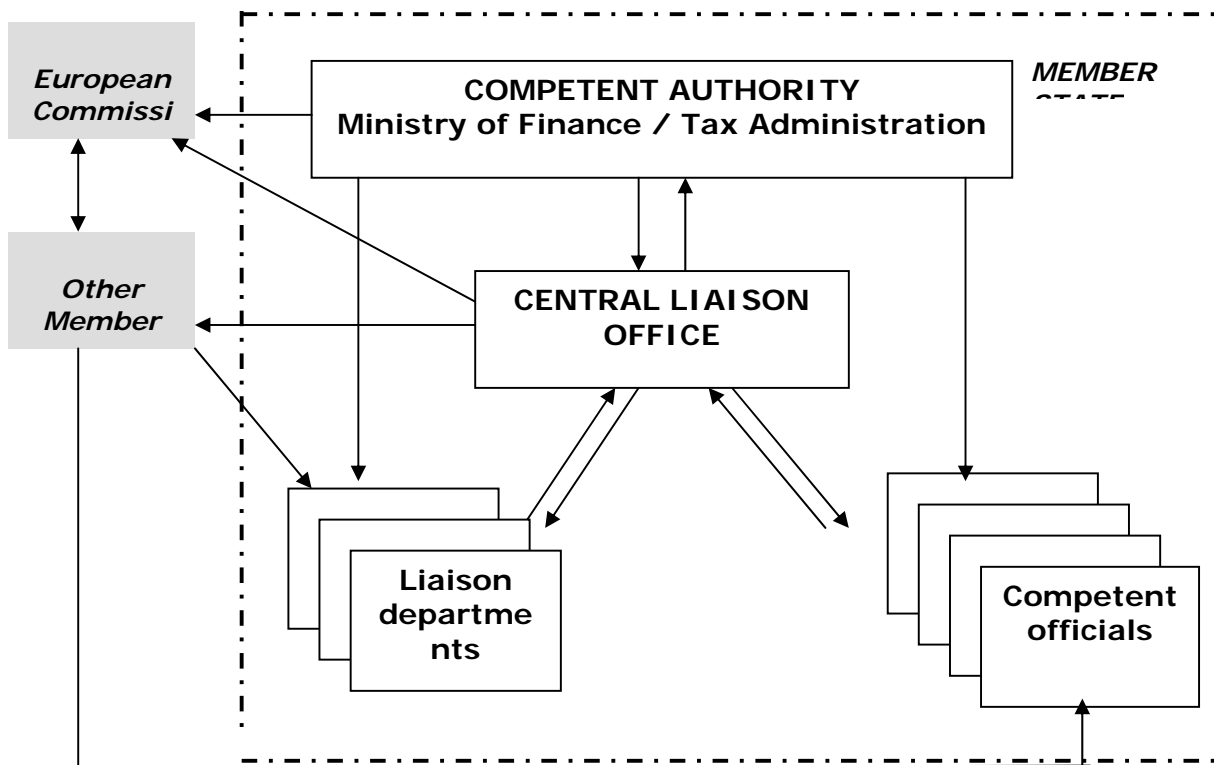


Chart 1: Architecture of the system and scheme of coordination within Member States and communication with other EU Member States (author's overview)

The work of the liaison department and competent officials are coordinated by the central liaison office. If liaison departments or competent officials receive the request for data exchange directly from the other Member State, it shall inform the central liaison office thereof. Liaison departments or competent officials shall inform the central liaison office on a reply of the Member State to a request of the other Member State, as well as in situations where the request on data exchange is sent to other Member State. Requests for data exchange, requiring action of liaison department or competent officials, which falls outside the competence it is assigned or operative competence, shall be forwarded without delay to the central liaison office and the requesting Member State shall be informed thereof.

5. MECHANISMS OF ADMINISTRATIVE COOPERATION

There is a high degree of mechanisms prescribed for administrative cooperation between tax administrations in the field of VAT, excise duties and direct taxes. Differences appear in several forms prescribed only for certain types of taxes. Overview of mechanisms for administrative cooperation of tax administrations by types of taxes is shown in Chart 2.

5.1. Exchange of information on request

The exchange of information is a basic mandatory mechanism of cooperation between tax administrations. In direct taxation mechanism is uniquely organized, while in VAT and excise duties this form has two sub forms – exchange on request for information and exchange on request for an administrative enquiry.

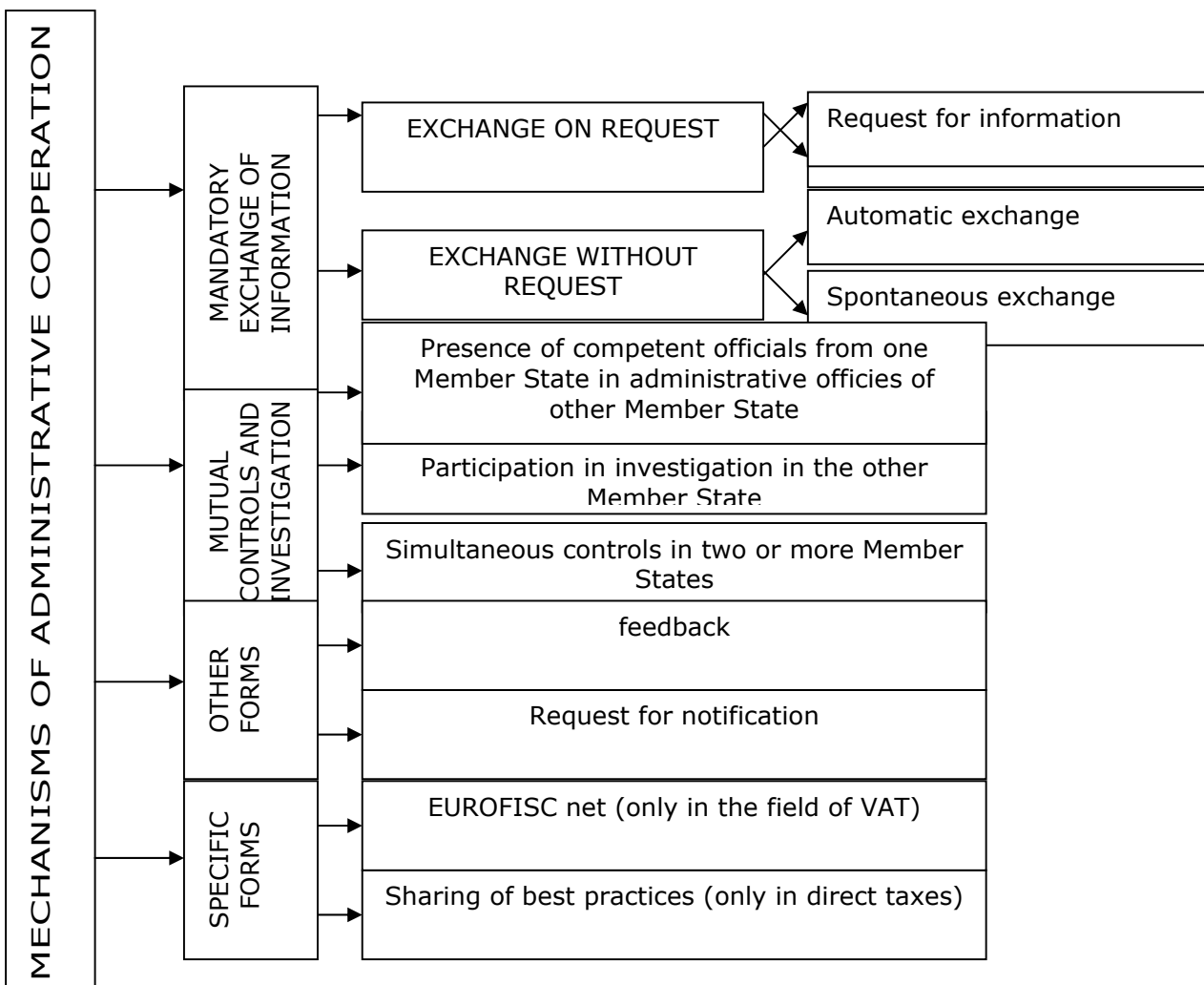


Chart 2: Mechanisms of administrative cooperation between tax administrations in the EU (author's overview)

The process of exchange implies that the competent authority of one Member State submits any information which submitting is covered by regulations or Directive to the requesting authority of

the other Member State. The term "*requesting authority*" means the central liaison office, liaison department or any competent official of the Member State who submits the request for assistance on behalf of the competent authority, while "*requested authority*" means the central liaison office, liaison department or any competent official of the Member State who receives the request on behalf of the competent authority. The requested Member State shall provide information and documents as quickly as possible, and no later than six months from the date of receipt of the request. This time limit applies to situations where the requested authority should do some investigation. However, where the requested authority is already in possession of requested information, the information shall be promptly transmitted to other Member State no longer than two months. In certain specific cases and investigations time limits for exchange of information may be bilaterally agreed upon between two Member States. Original documents may be provided only if it is not contrary to the national laws of the requested Member States.

The Directive states that requested information must be of "*foreseeable relevance*" for administering and enforcing tax laws of the requesting Member State. The term of "*foreseeable relevance*" is introduced as a standard of information exchange. In principle, this standard implies that **the exchange of data should include only relevant information**. This standard at the same time obliged the requesting Member State to request only data relevant to the national investigations and the other Member State to submit all data relevant for the certain case or taxpayer. Therefore, **the Directive does not give the freedom to the Member States to unnecessarily burden other Member States with requests for information that will not be of great importance to tax authorities in the requesting Member State, but, on the other hand, it does not also give the freedom to the requested Member State to limit the submission of information requested or their coverage.**

5.2. Exchange of information without prior request

Regulation for cooperation in the field of VAT and excise duties also prescribes the exchange of information without prior request. The exchange of information between the Member States without prior submittal of the request can be automatic and spontaneous. In the Directive 2011/16/EU the exchange of information without prior request is not explicitly stated, but as the mandatory automatic and spontaneous cooperation are prescribed, it can be concluded that the models of cooperation in this area are fully harmonized for all types of taxes.

It is understandable that the terms of automatic and spontaneous exchange differ in certain types of taxes. In the case of exchange of information on VAT competent authorities of the Member States shall without prior submittal of the request forward information to the competent authorities in the other Member States in the following cases:

- If the turnover is taxed in the country of destination and the forwarding of data by the country of origin would increase the efficiency and effectiveness of the controls in the Member State of destination;
- If there is reasonable suspicion of a violation of VAT regulations in the other Member State or VAT frauds are likely to occurred;
- If there is a risk of loss of revenue in the other Member State.

5.2.1. Automatic exchange

In the case of automatic exchange of information on VAT it is necessary to specify types of information exchanged, to define the frequency of the exchange of information and prescribe the procedures for the exchange of information. Member States are obliged to take all necessary steps and measures to establish the automatic exchange of information. However, because of the

obligation of information exchange, the Member States shall not impose new obligations to the VAT taxpayers.

Automatic exchange of information on excise duties is mandatory in the following cases:

- When one Member State has knowledge or suspicion that irregularities or a violation of EU regulations on excise duties have occurred in other Member State;
- When there is a possibility that irregularities or violations of EU regulations on excise duties in other Member State have repercussions on other Member State;
- When there is a risk of frauds or losses of revenues in other Member State.

In the case of exchange of information on direct and other taxes mandatory automatic exchange of available information on residents in the other Member State is prescribed on the following categories of income and capital:

- income from employment;
- director's fees;
- life insurance products not covered by some other EU legal instruments on exchange of information;
- pensions;
- ownership of immovable property;
- income from immovable property.

Before 1 January 2014, Member States are obliged to inform the Commission of the categories in respect of which they have information available. Member States may inform other Member States that they do not wish to receive information on the certain categories of income and capital. Since the automatic exchange covered information that have not be exchanged so far or not in sufficient volume Directive prescribes the dynamics of the application of this most sensitive segment of exchange. In addition, it also prescribes deadlines given to the Member States to provide statistical information on the automatic exchange as well as deadlines for drafting the implementing acts that shall prescribe detailed procedures for the automatic exchange of information. Time limits given to the Commission to provide the assessment of costs and benefits of the automatic exchange and deadlines for submitting the report on issues in the implementation of the Directive are also prescribed. In the coming years, the task of the Commission shall be to assess the possible expansion of the list of categories of income and capital to be covered by automatic exchange of information to include dividends, capital gains and income from the transfer of rights.

5.2.2. Spontaneous exchange

Member States may provide, by spontaneous exchange, any information on VAT taxpayers or excise duties which can be forwarded without prior request if it is considered useful to the other Member State.

In the case of direct taxes the competent authority of one Member State may provide information to the competent authority of the other Member State in the following circumstances:

- if it has knowledge that there may be a loss of tax in the other Member State;
- where the reduction of tax liability or exemption from tax in one Member State would lead to an increase of tax liability in the other Member State;
- if the business dealings between the persons who are taxpayers in two Member States are conducted through one or more countries in a way that a saving in tax may affect one or both Member States;
- if the Member State has knowledge that a saving of tax may result from artificial transfers of profits within groups of enterprises;
- where information may be relevant to the assessment of tax liability.

5.3. Mutual participation in controls and investigations

The system of administrative cooperation between the Member States involves mutual participation in controls and investigations related to taxpayers who operate in more Member States or whose business has effects on revenues of more EU Member States. There are two modalities of mutual participation in controls and investigations. Officials of the tax administration of the requesting Member State may:

- Be present in the offices of the tax administration of the requested Member State;
- Be present during controls and investigations carried out in the territory of the requested Member State.

Residence and presence in the tax administration of the other Member States shall be regulated by mutual agreement. In the above mentioned cases of cooperation the officials from other tax administration may be given copies of documents relevant to the case on which the information is requested. These officials may officially interview taxpayers and examine documentation. Officials acting on the territory of other Member State must have a warrant for investigation and actions on the territory of the other Member State and written authority stating their identity.

In order to collect information regarding chain tax frauds, in situations where it is in the interest of the Member States, two or more Member States may agree to conduct simultaneous controls of one or more related taxpayers. Such controls, since they are more extensive and more comprehensive, with the coordinated use of resources, are far more effective than limited individual controls of tax administrations. Tax administration of each Member State should identify taxpayers for whom it intends to run simultaneous controls and inform other Member States thereof, giving reasons as well as the period for conducting controls. Competent authorities of other Member States in response to a call for simultaneous control need to decide upon receipt of request. In the case of refusal they must respond in writing stating the reasons therefor. In the case that competent authorities of the Member State accept the request for simultaneous control it is necessary to appoint a representative with responsibility of supervising and coordinating simultaneous control operations.

5.4. Other forms of cooperation

5.4.1. Request for notification

The competent authority of the Member State shall inform the competent authority of other Member State at its request and in accordance with the national rules on official notification, on any instruments and decisions which emanate from that authority and concern the application in its territory of legislation on taxes covered by the Directive. Requests for notification shall indicate the subject of delivery (instrument, decision), the name, address and any other relevant information of the addressee. The competent authority shall inform the requesting authority immediately of its response to the request for notification, specifying the date of notification of the decision or instrument to the addressee. Documentation may be sent by mail or electronically directly to a person in the territory of another Member State.

5.4.2. Feedback

The competent authority of a Member State may request from the competent authority of another Member State which receives the information to send feedback thereon. The competent authority of the other Member State is obliged to provide feedback as soon as possible and no later than three months after the outcome of the investigation based on the requested information is known.

Feedback on the automatic exchange of information shall be delivered once a year, in accordance with bilateral agreements between the Member States.

5.5. Specific forms of cooperation

5.5.1. Eurofisc

New network for the swift exchange of information between Member States, called Eurofisc, is established by the new Regulation on administrative cooperation in the field of VAT, applicable from 1 January 2012. The establishment of this multilateral network facilitates the application of rules of administrative information exchange and the cooperation between the EU Member States in the fight against VAT frauds. The framework of Eurofisc includes the following:

- Establishment of multilateral early warning mechanism for combating VAT frauds
- Coordination of the swift multilateral exchange of targeted information
- Coordination of work and activities of the Eurofisc regarding received warnings.

The participation of the Member States in the Eurofisc network is on their own choice. Information exchanged shall be confidential. The European Commission shall not have access to the information exchanged over network. The competent authorities of each Member State shall designate at least one Eurofisc liaison official. These officials shall remain answerable only to the national administration. For the purpose of participating in a particular Eurofisc working field, liaison officials shall, among themselves, designate a coordinator for a limited period of time. Coordinators for certain working fields shall have the following tasks:

- To collect the information received from Eurofisc liaison officials and to distribute it to the other Eurofisc liaison officials. The information shall be exchanged by electronic means;
- To ensure that the information received from the Eurofisc liaison officials is processed and make the result available to the other Eurofisc liaison officials;
- To provide feedback to the participating Eurofisc liaison officials;
- To submit an annual report to the participating Eurofisc liaison officials.

5.5.2. Sharing of best practices

The Directive on cooperation in the field of direct and other indirect taxes provides a specific form of cooperation that involves sharing best practices between the Member States. Member States shall together with the Commission examine and evaluate administrative cooperation pursuant to the Directive. Also, they shall share their experience and best practices. In this sense, Member States may propose guidelines of the method of sharing best practices and experience.

Trends of foreign trade in the period January – May 2013

(Author: Aleksandar Eskić)

Introduction

In this issue the analysis of foreign trade of Bosnia and Herzegovina for the first 5 months of 2013 is presented and it links to the similar analysis which was related to the first 5 months of 2012 that was published in one of the previous issues. It is important to note that the source of data used in the analysis is based on Single Customs Document (SCD) which the Agency for Statistics receives from the Indirect Taxation Authority of BiH for the data processing of foreign trade on a monthly basis.

Foreign trade depends on many factors; in term of its volume and its structure as well. According to available data, it is evident that there has been an increase in the value of exports during 2013 compared with the same period of the previous year along with the slight decrease in the value of imports. This leads to the common economic conclusion that in this period Bosnia and Herzegovina improved its foreign trade position while the increase in the value of exports exceeded the decrease in the value of imports and thereby Bosnia and Herzegovina further increased openness i.e. integrated into the international economy.

Exports to CEFTA² countries increased by 4.6%, where it normally export over 30% of its total exports, while exports to the EU grew by over 10%, which absorbs about 60% of BiH exports. At the same time, the value of imports from CEFTA countries decreased by 7.6% in the same period, while the value of imports from the EU increased by 0.8%. This practically means that Bosnia and Herzegovina has improved its foreign trade position in relation to the CEFTA countries and in relation to the European Union countries as well.

Globally speaking, two basic tendencies have been visible so far, and that is that the recovery of the world economy took place in two speeds. Developing countries have recorded higher growth rates compared to developed countries. Now it seems that a new trend occurred, and it is primarily related to the developed countries. While it is projected that the U.S. economy will grow at a rate of 1.9% in 2013, i.e. 3.0% in 2014, economic activity in the EU will have a negative growth rate of 0.3% in 2013 i.e. and positive growth rate of 1.1% in 2014. For developing countries is projected high growth rate of 5.3% in the current year i.e. and 5.7% during the next year. Growth of the world's largest economy is a result of continued monetary policy of low interest rates, fiscal consolidation measures and the increase of demand in the housing market and durable goods.

Negative growth projections in the EU are the result of weaknesses in the EU. So it predicts modest growth of around 1% of Germany as the strongest European economy while for France, Italy and Spain predicts decline of economic activity. These weaknesses are the result of fiscal consolidation measures, weaker export demand and low levels of confidence. It is believed that the policy of a strong euro also contributes to reduced export performance of countries in the euro zone.

During 2012 the pace of growth of foreign trade at the global level has been on the decline which is becoming more important given that the volume of world trade was slightly lower yet in the previous year. Fluctuations in world trade were more pronounced than changes in world GDP.

² CEFTA – Central Europe Foreign Trade Agreement

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During the past 12 years, based on actual data, every change in world's GDP has resulted in nearly 4 (namely 3.74) times more intense direct change in the value of world trade³.

In the previous period, commodity prices experienced strong fluctuations. The index of commodity prices⁴ fell by 9% after it reached its peak in April 2011 due to reduced demand and uncertain recovery of the world economy. Mineral oil prices have risen by 15% due to lower production and increased demand in developing countries and the U.S. for this commodity. Metal prices have risen by 10% based on expectations of increased demand of developing economies.

Short-term projections of commodity prices, including mineral oil are saying that we can expect the price reduction of 2% in 2013. It is expected that the energy prices will fall by 3%, due to increased production and supply of these commodities in the market. Food prices could also fall by 2% due to better weather conditions this year. Only metal prices are expectedly to rise by 3%, which is in line with the expectations of global economic recovery and increased demand for this type of goods.

In the same period, the economy of the European Union continues to struggle with the consequences of deep financial and economic crisis so that the economy is very slow to catch up this year. It is expected gradual stabilization of economic activity in the first half of 2013, while in the second half of the year it is forecasted a positive growth with stronger growth estimate of real GDP in 2014 as investment and consumption become the major growth drivers. Simultaneously forecasts indicate that domestic demand remain modest due to huge debt limits the growth of the credit sector.

Generally speaking, it is expected a slight decline in GDP in 2013 while positive growth of 1.5% can be expected next year. Because of the significance of the foreign trade of Bosnia and Herzegovina projections of growth of the German economy is 0.4% and 1.8%, Italy -1.3% and 0.7%, Slovenia -2.0% and -0.1 %, Austria 0.6% and 1.8% and Croatian -1.0% and 0.2% in 2013 and 2014 respectively. The unemployment rate is forecasted in Germany at the level of 5.4%, Italy 12%, Slovenia 10%, and Austria 4.7% and about 20% in Croatia.

If we look at the economies of six countries of Southeast Europe, including Bosnia and Herzegovina, it is recorded a decline in economic activity during the previous year along with the continued surge in unemployment that is close to the level of 25%. Worsening external conditions along with the impact of a strong winter and the continued growth of unemployment influenced the decline in consumption, investment and exports. Fiscal consolidation and recovery of the financial sector is performed very slowly with an increase in the share of non-performing loans to total loan portfolio of the banking sector. In 2013 the expected growth is 1.6% with very pronounced risks to these projections. Aggravating factors which could affect the movement of the economy is uncertain euro zone recovery and high commodity prices, especially of food and mineral oil. These are precisely the risks of which are not immune by any one of the analyzed countries.

Trends of basic foreign trade indicators

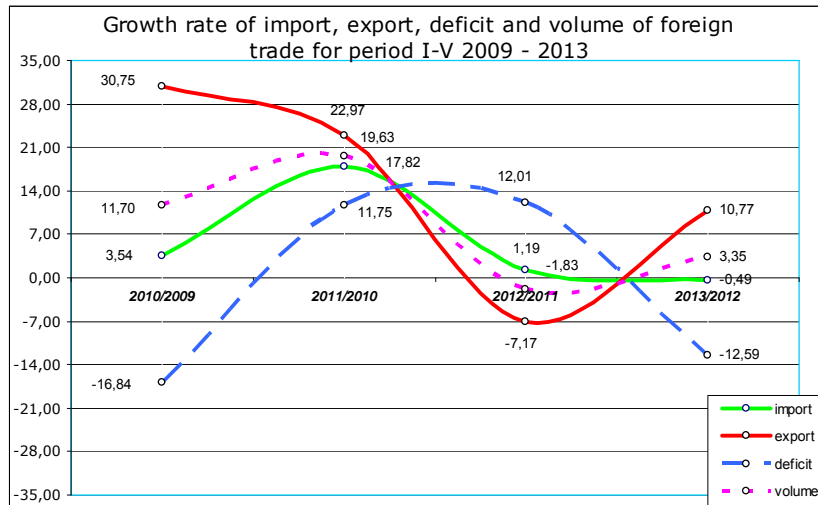
In previous periods the value of imports and exports has fluctuated strongly as it can be seen on Chart 1, while the rates changes are quite modest in the current year. The value of exports, after a strong growth of 30.8% in 2010 continued to decline following next two years, reaching a negative growth rate of 7.2% in 2012 and then rose to 10.8% in 2013. As for imports, the growth rate was positive until 2013 when for the first time it recorded a negative growth of 0.5%.

³ World Economic Report – Hopes, Realities, Risks (April 2013), International Monetary Fund, Washington DC, April 2013

⁴ IMF Commodity Price Index

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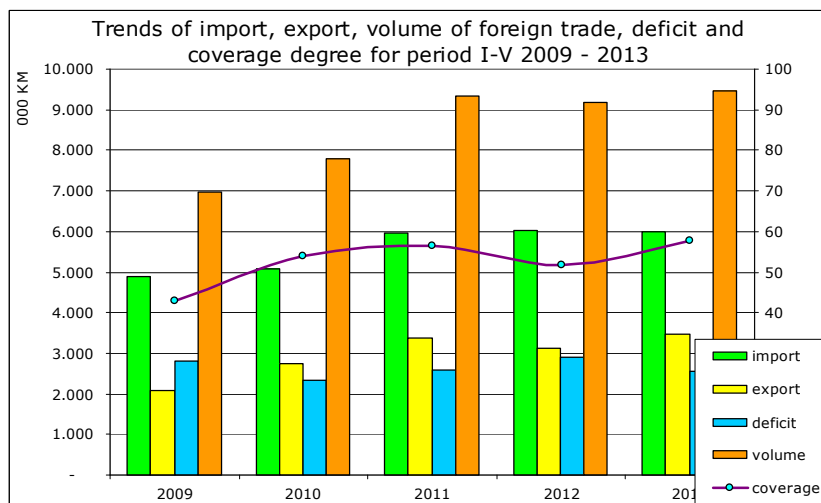
Chart 1



Source: Agency for statistics of BiH, 2013 Statistics of foreign trade

So we have the deficit of foreign trade grew by about 12% during the previous two years so for the first 5 months of this year it dropped by over 12% while the volume was constantly growing with the exception of last year.

Chart 2



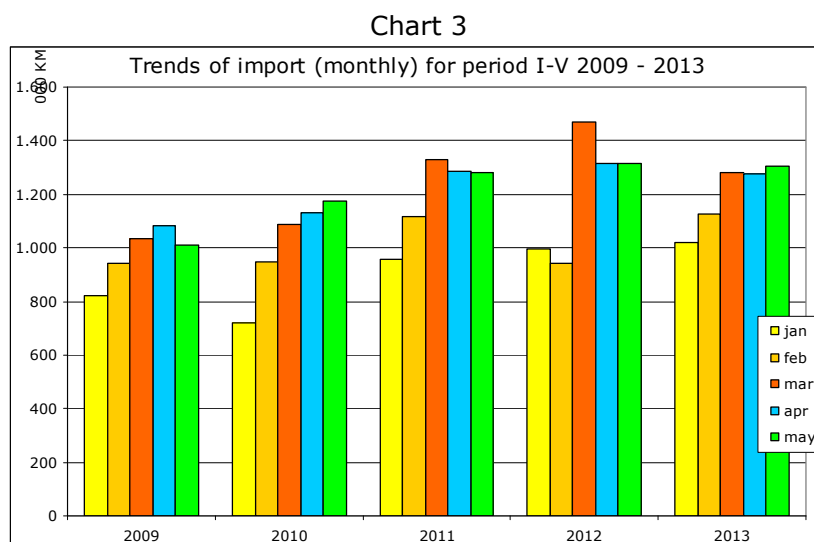
Source: Agency for statistics of BiH, 2013 Statistics of foreign trade

On Chart 2 are shown the absolute values of the basic indicators of foreign trade in BiH for the period 2009 - 2013th years. Variable 'coverage' is actually the percentage of coverage of imports by exports (right scale). The value of this ratio ranged consistently above 50% (with the exception of 2009.) and it reached its high-of-all-time value of 57.6% during the first 5 months of 2013.

At the same time, according to the Agency for Statistics of BiH, it is noticeable only increase of import prices by 1.3%, while exports remained unchanged. Prices of products that have changed the most belong to the 'agriculture and forestry' group.

Trends and structure of import

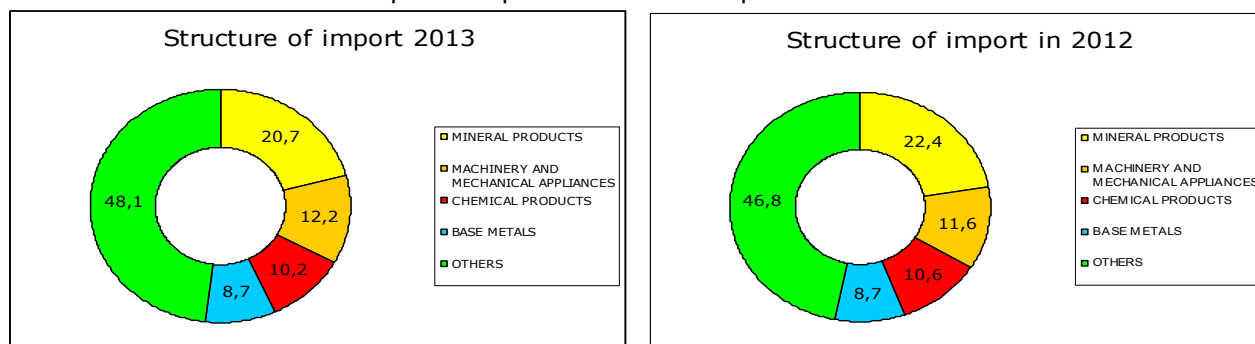
On Chart 3 are shown the values of imports by months for the period 2009 -2013. It can be noted that the total value of imports surged (about 20%) in 2011 in comparison with the previous year. It is also noticeable that the smallest deviation in terms of the value of imports per month observed in the 2013.



Source: Agency for statistics of BiH, 2013 Statistics of foreign trade

On Charts 4 and 5 are presented the structure of imports for year 2012 and 2013. The classification is in line with sections of the Harmonized System.

Charts 4 and 5: Graphical representation of import structure for 2012 and 2013



Source: Agency for statistics of BiH, 2013 Statistics of foreign trade

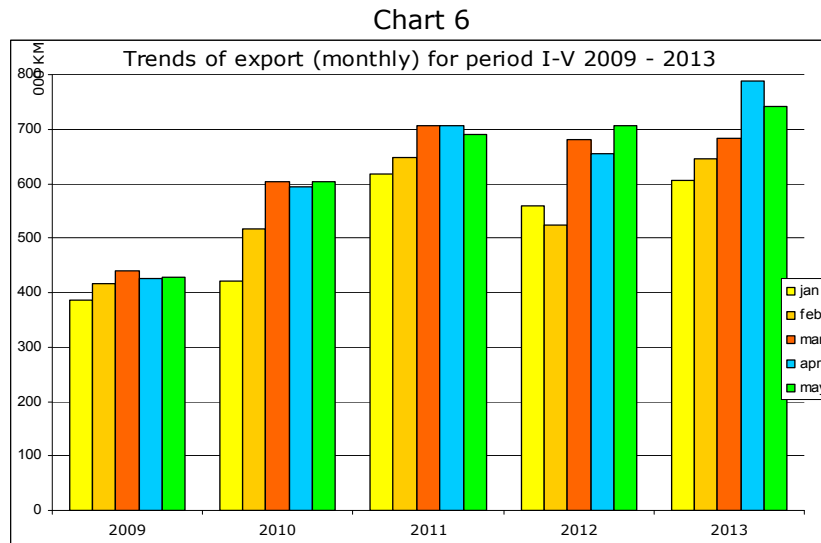
The most important product group observed during the previous two years was mineral products. By that it is meant mineral fuels, mineral oils and products of their distillation, electricity, bituminous substances and mineral waxes. It is noticeable that their participation has decreased from the level of 22.4% in the previous year to 20.7% in the current year. If the portion of the value of imports of this product group in the value of total exports, it can be calculated that it is 36%, which is 5 percentage points lower than last year.

On the second place value-wise is the product group of machines, appliances, mechanical and electrical equipment. Their share rose from 11.6% to 12.2% in the current year. A third group of

products represents the most significant product of the chemical industry. Their participation was slightly decreased to a level of 10.2% in the current year.

Trends and structure of export

On Chart 6 are presented the values of exports on a monthly basis for the period of 2009-2013. Exports reached its record-high during the months of April and May in 2013. The value of exports in the current year has increased by over 335 million KM comparing it with the year before, or by 10.8%. Even it is greater than the value of exports in 2011 by a nearly 100 million KM or 2.8%.

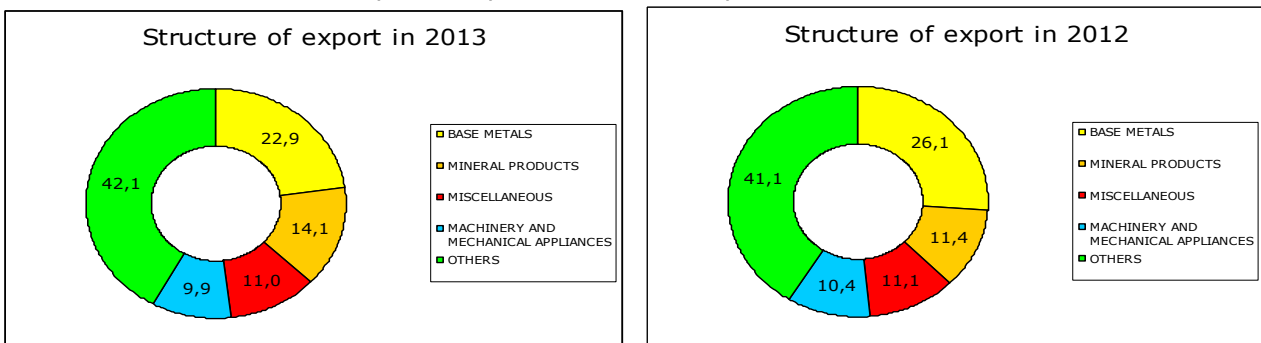


Source: Agency for statistics of BiH, 2013 Statistics of foreign trade

On Chart 7 and 8 it is shown the structure of exports for the previous and current year. The classification is in line with sections of the Harmonized System. The most important product group is base metals and products of base metals. Their share has sharply fallen from 26.1% to 22.9%.

At the same time the share growth of mineral products is recorded. Their participation has increased sharply to 14.1% for the current year. This includes mineral fuel, oil, electricity, and bituminous substances and mineral waxes. The increase in exports of electricity for nearly 4 times is certainly most deserving of this powerful change. In absolute terms the increase in the value of exports of electricity amounted to over 180 million KM, and certainly gave the largest contribution to the increase in exports from BiH in general.

Charts 7 and 8: Graphical representation of export structure for 2012 and 2013



Source: Agency for statistics of BiH, 2013 Statistics of foreign trade

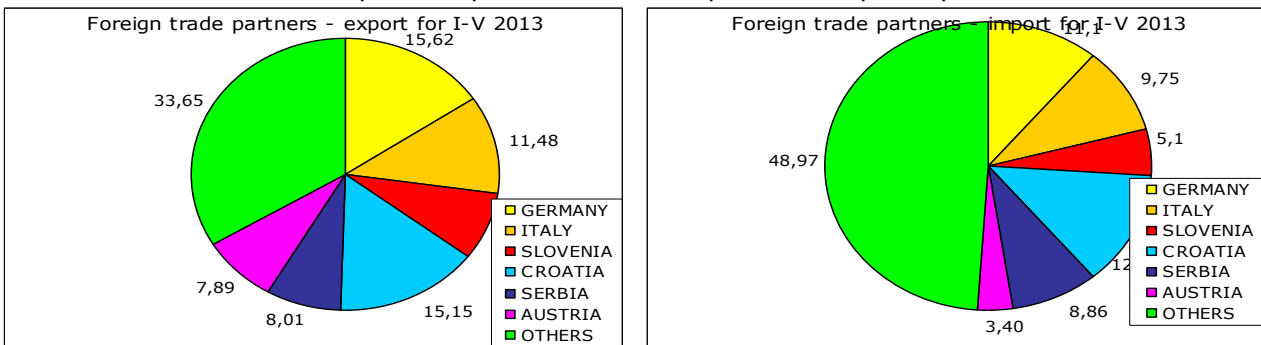
On third place significance-wise is the product group of machines, appliances, mechanical and electrical equipment. Looking at the structure of this group of products it can be seen that the machines, appliances, mechanical appliances and boilers account for almost 70% compared to electrical machinery, equipment and parts that account for about 30%.

Most important foreign trade partners of BiH

On Charts 9 and 10 are shown the most important foreign trade partners in BiH for 2013. It is clear that most goods are imported from Croatia at the level of 12.7% of the total value of imports in the period. Then it followed by Germany with 11.1%, Italy with 9.8% and Serbia with 8.9%.

As far as the value of exports, Germany and Croatia have absorbed approximately the same amount, and it reaches almost 31% of total exports. Then it followed by Italy with 11.5% and then Slovenia, Serbia and Austria by about 8% each. The trade deficit with Serbia and Croatia amounted to 38.5%, while with Germany and Italy amounted to slightly less than 25%. The single largest deficit of these selected countries BiH made with Serbia and it is 48%.

Charts 9 and 10: Graphical representation of export and import by countries in 2013



Source: Agency for statistics of BiH, 2013 Statistics of foreign trade

Consolidated reports

(prepared by: Aleksandra Regoje)

Table 1. (Consolidated report: SA and General Government, Q1 2003)

In accordance with the obligations under the Stand-by arrangement the Unit publishes quarterly consolidated reports on government operations⁵. Revenues in these reports are recorded on a cash basis and indirect taxes are related to revenue recorded in corresponding period of all users involved in the report. In conditions when the report would include all units funded by these types of revenues, the amount of indirect taxes of general government would correspond to the amount of total allocated revenues from the ITA Single Account (SA). Given that consolidated reports of general government do not cover road directorates, the amount of total indirect taxes reported in the revenues differs from the allocated funds from the SA to direct remittances that have not been already included in the revenue and expenditure of reporting units, as well as to the amount of possible discrepancies due to time shift of recording the distribution of funds from the SA and received funds of some level of government.

The inclusion of SA operations into consolidated data of general government enables showing analytics of indirect taxes instead of summary items of allocated revenues. Made in this way, the level of consolidated revenues includes the total amount of net revenues from indirect taxes and expenditures include amounts of unconsolidated funds from the SA.⁶

The preliminary consolidated report "SA and General Government" 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, 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.

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

* data for City of Mostar are estimated by FMF

**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)

⁵ http://www.oma.uino.gov.ba/09_izvjestaji.asp?l=e

⁶ The amount of unconsolidated funds from the SA is included in line "Subventions, donations, transfers"
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Preliminary consolidated report: SA and General Government (2013)

	Q1
Revenue	2.499,9
Taxes	1.301,8
Direct taxes	235,9
Taxes on income, profits and capital gains	205,9
Taxes on payroll and workforce	3,9
Taxes on property	26,0
Indirect taxes (net)	1.054,9
VAT	678,5
Excises	270,9
Road fee	55,9
Customs	45,9
Other indirect taxes	3,7
Other taxes	10,9
Social security contributions	930,6
Foreign grants	6,3
Other (non-tax) revenue	258,3
Transfers from other general government units	2,8
Expenditure	2.509,1
Expense	2.470,0
Compensation of employees	785,8
Use of goods and services	443,9
Social benefits	1.053,2
Interest	37,5
Interest payments to non-residents	19,1
Interest payments to residents	18,4
Subsidies, donations, transfers	79,1
Other expense	70,5
Net acquisition of nonfinancial assets	39,2
Acquisition of nonfinancial assets	44,7
Disposal of nonfinancial assets	5,5
Gross/Net operating balance (revenue minus expense)	30,0
Net lending /borrowing (revenue minus expenditures)	-9,2

Table 1.