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

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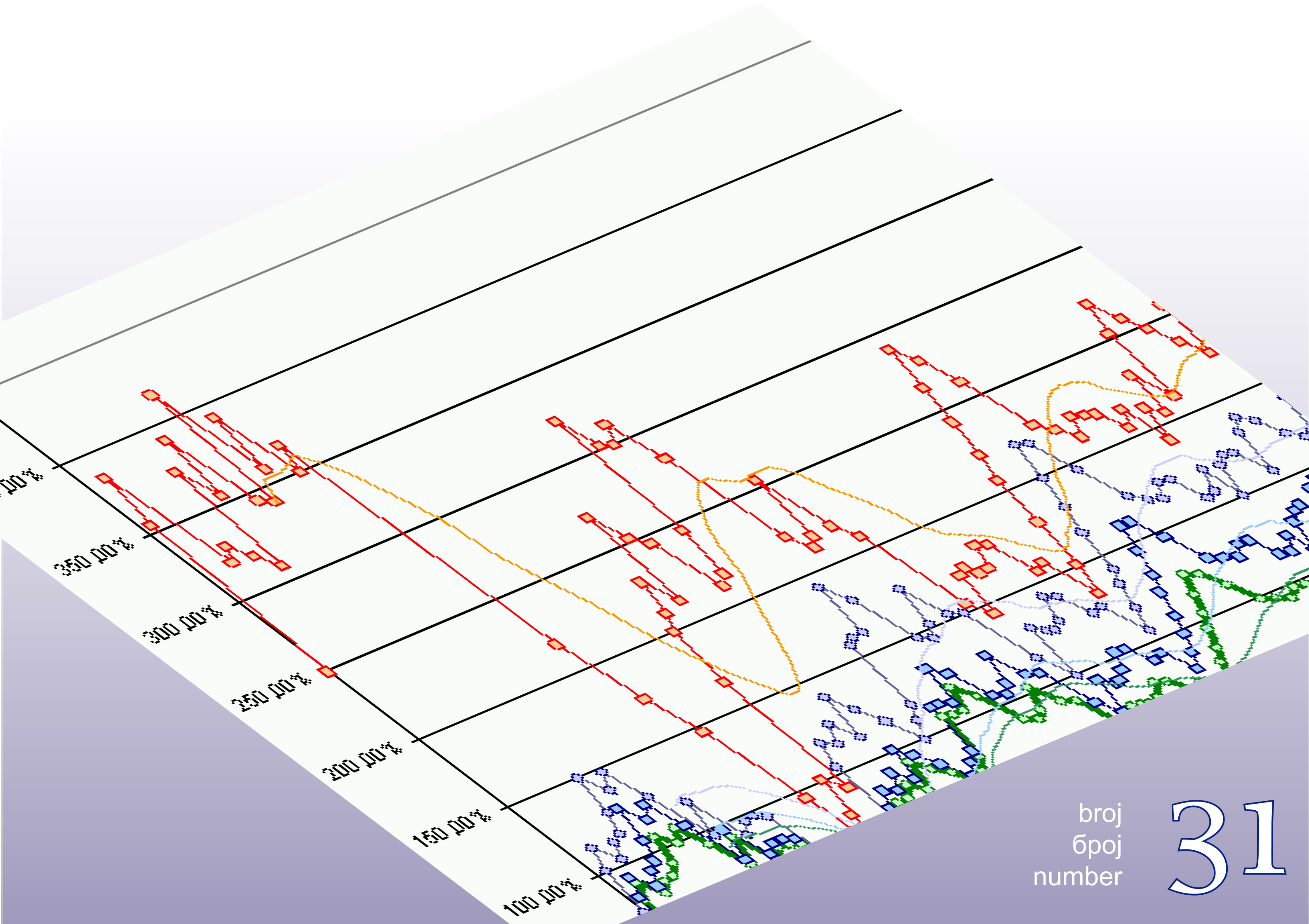
Одјељење за макроекономску анализу
Управног одбора Управе за индиректно опорезивање

Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue

Two years of VAT implementation are now behind us. Comparison of nominal effects of the collection of indirect taxes in terms of projected collection and collection in 2006, leads to a conclusion that revenues from indirect taxes significantly increased and an increase was 2,6% of GDP. VAT and customs have highest share in increase of the collection. Major factors that had an impact on achieving "surplus" of revenues are of external nature. Since BiH largely depends on imports, global changes in price of raw materials, food and energy had an impact on increase of import value and all inputs in costing price, which automatically led to increase of revenues from indirect taxes that are calculated *ad valorem.* In addition to this, delay of the Stabilization and Accession Agreement resulted in increase of revenues from customs instead of expected decrease. Since economists think that prices will continue to raise in world stock markets due to growing demand of huge developing economies, there is a need to introduce fiscal policy measures that will limit spillover of revenues to consumption, and ease consequences of automatic indexation of fiscal revenues from imports, which can make the social position of population and financial position of domestic companies worse. Due to spillover effects, fiscal policy measures at lower levels of administration can not produce required macroeconomic effects. So, the Fiscal Council should have a key role in coordination of fiscal policy of all levels in BiH.

In the last issue, we wrote about a need to transpose financial reporting principles i.e. government finance statistics, statistical classifications and methodologies of EUROSTAT, in order to ensure comparability of BiH fiscal indicators with EU member states and other countries. In this issue, we present you comparative review of differences between international standards of fiscal reporting of UN, EU and IMF.

We also present you with regular review of trade in goods for 2007, and legal framework for tax consulting in Republika Srpska, which is something new in our country.

Dinka Antić, MSc
Head of Unit - Supervisor

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Collection of indirect taxes in 2007

(Author: Dinka Antić, MSc)

Introduction

The last year ended with significant budget surpluses, which was primarily a result of the collection of indirect taxes. The Unit's forecast was that a regular pattern for collection of indirect taxes would be established only in 2007, which respected impact of new VAT system on dynamics of the collection[1]. However, the following chart shows that standard seasonal pattern in VAT has not been established after two years of VAT implementation.

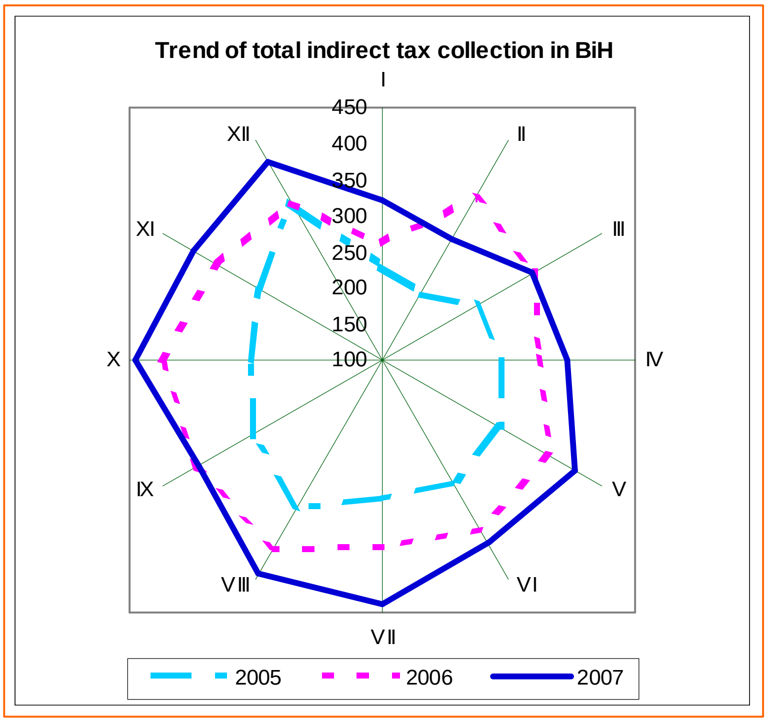

Chart 1

Basic reasons for this are:

- The year of 2006 was special due to suspension of refunds for taxpayers who were not primarily exporters and the fact that payment of refunds started only in March after expiration of deadline for refunds in accordance with tax declarations from January 2006.
- Up to April 2007, approximately 150 million KM of unused tax credits from 2006 were paid in accordance with the decision of the ITA Governing Board.
- In 2007, amount of declared tax credit still increases although a suspension was abolished. According to the data, amount of 480 million KM of tax credits was registered in 2007 and most of those should be implemented in 2008. As opposed to refunds that represent outflow from ITA single account, tax credits represent "hidden" refunds as they lead to a decrease of gross collection of indirect taxes in future period. This results in lower allocation for reserves and until final payment of unused credits after 6 months.

Regular schedule of refunds (legal deadlines: 30 or 60 days) and unused credits (six months after filing of the declaration).

[1] More information on issue of reporting after introduction of VAT can be found in the Bulletin no. 7

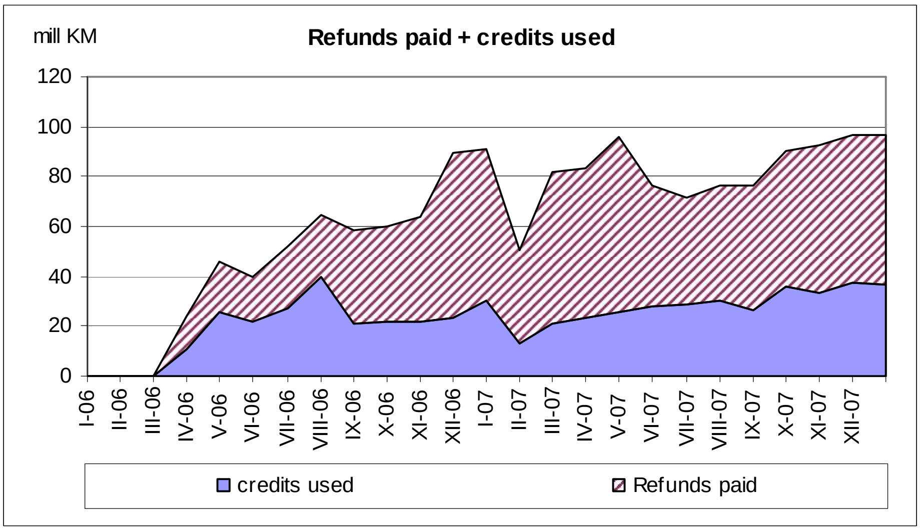

Chart 2

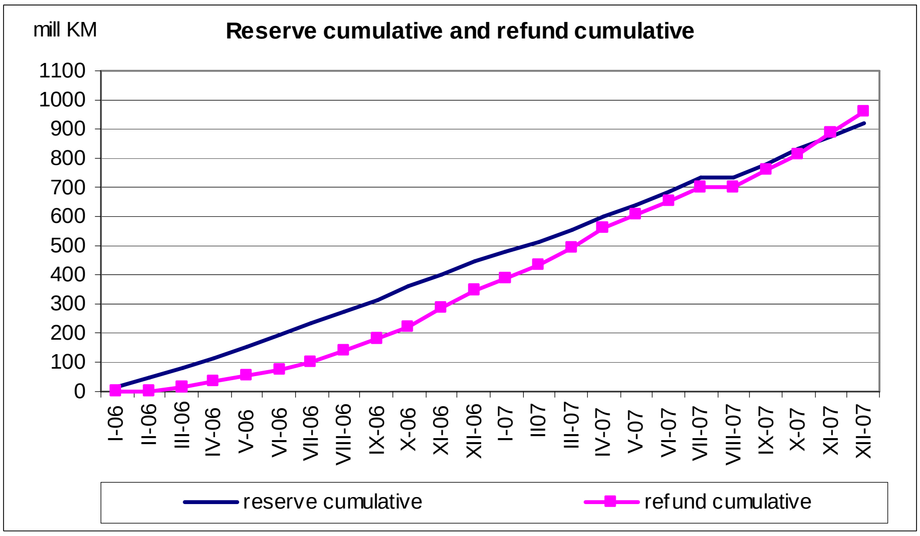

Chart 3

However, end of the year resulted with problems in payment of due refunds, which was related to rate for allocation of funds for reserves[2]. On number of occasions in 2007, we announced that rate of 10% of gross collection of indirect taxes that was allocated for reserves would not be enough for payment of current refunds having in mind the following:

- Increasing trend of requests for refunds and tax credits
- Unadjusted dynamics of collection and maturity of deadlines for refunds.

Fourth quarter is known for high level of imports and economic activities, which also reflects on revenues from indirect taxes and amount of refunds and tax credits that are due in first quarter and partially in second quarter for tax credits. For tax period "t", tax refunds are stated in the declaration for a month of "t+1" and are due for payment in a month of "t+2" (exporters) or "t+3" (other taxpayers). In other hand, first quarter of next year is known for lower collection of revenues and 10% of reserves can not be enough to cover refunds from fourth quarter.

[2] Bulletin no. 19 has the article about importance of reserves in ITA single account and management of reserves.

In addition to global price increase and economic developments in the country, the dynamics of collection in 2007 was determined by three "non-economic" factors:

- Accelerated dynamics in payment of unused tax credits from 2006, ending in April 2007[3]
- Unexpected increase in taxpayer's requests for tax credits even after abolishment of refund suspension for taxpayers who are not primarily exporters,
- Insufficient rate for reserves, which caused "refund crisis" in the first months of 2008.

Total collection

In 2007, total collection of gross indirect taxes was 5,279 billion KM. Out of this amount, 14,054 million KM were not adjusted on December 31st, 2007, after compilation of IT system modules. In the same year, there were refunds in the amount of 622,36 million KM of indirect taxes. In further analysis, we will use net amount of collected indirect taxes (4,643 billion KM) and we will not include unadjusted revenues (net=gross – unadjusted revenues – refunds) since we have breakdown of revenues in terms of type of revenue for this amount (Chart 2). We have to underline that comparison of the collection of indirect taxes in 2007 with the collection in 2006 is possible only for total amount of collected revenues, customs and excise revenues. Due to the first year of VAT introduction, comparison is possibly only if the collection of VAT in 2006 includes amount of lagging sales tax, which was collected by entities, District and ITA.

As shown in the Chart 3, plan for collection of indirect taxes in 2007 was exceeded, but it's not realistic to expect increase in the collection in future.

We should not forget the efficiency of ITA. However, it's very hard to assess efficiency of the ITA work, which also includes customs administrative work and not only collection of revenues. One of the efficiency indicators may be level of debt. Debts of taxpayers in the end of 2007 was almost the same as in the end of 2006. Debt derived from tax declarations was higher for 10 million KM and it amounts to 25,806 million KM and debt derived from automatic assessment according to historic data on turnover (in case of failure to file tax declaration in time) decreased by 10 million KM and it is 61,688 million KM.

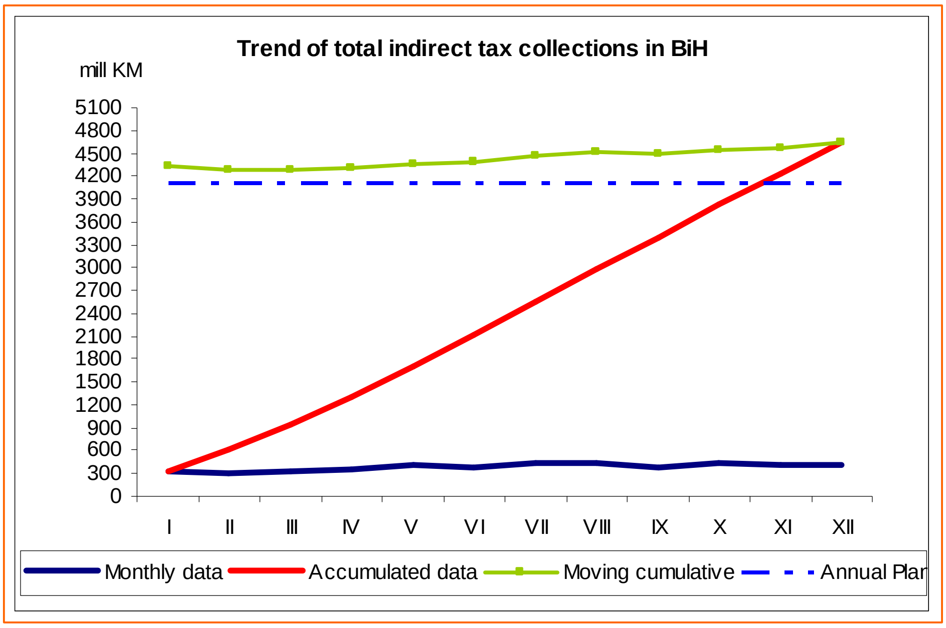

Chart 4

[3] In accordance with the Law on VAT, unused tax credits have to be paid back to taxpayer after six months from the date of filing declaration that credits refer to. In accordance with the decision of the Governing Board, payment of tax credits in the second half of 2006 was accelerated in order to give money back to businesses as soon as possible.

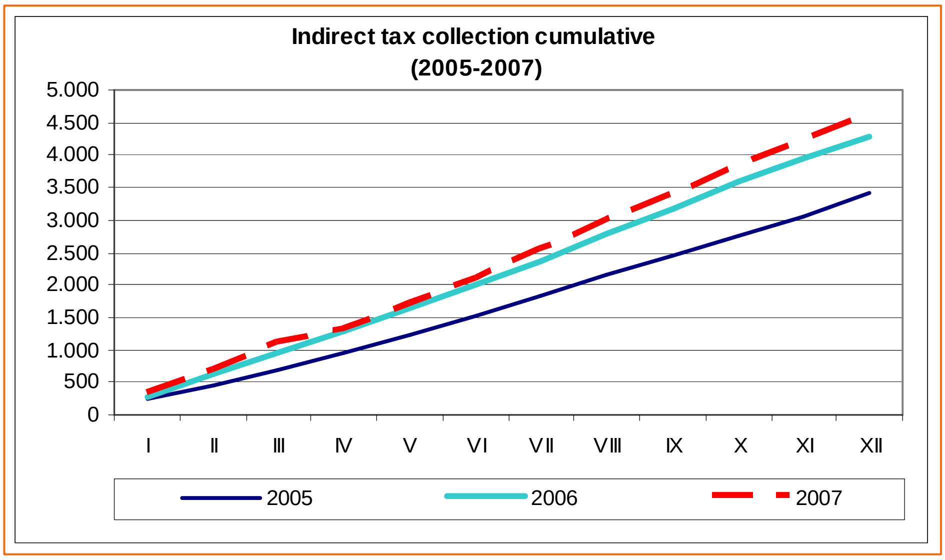

Chart 5

Collection by type of revenue

Comparison of the collection of indirect taxes with 2006 by type of revenue shows that the customs revenues had highest growth (Chart 4). Growth of the customs revenues was above the growth of nominal GDP. Growth of excise and road toll revenues follows growth of real GDP.

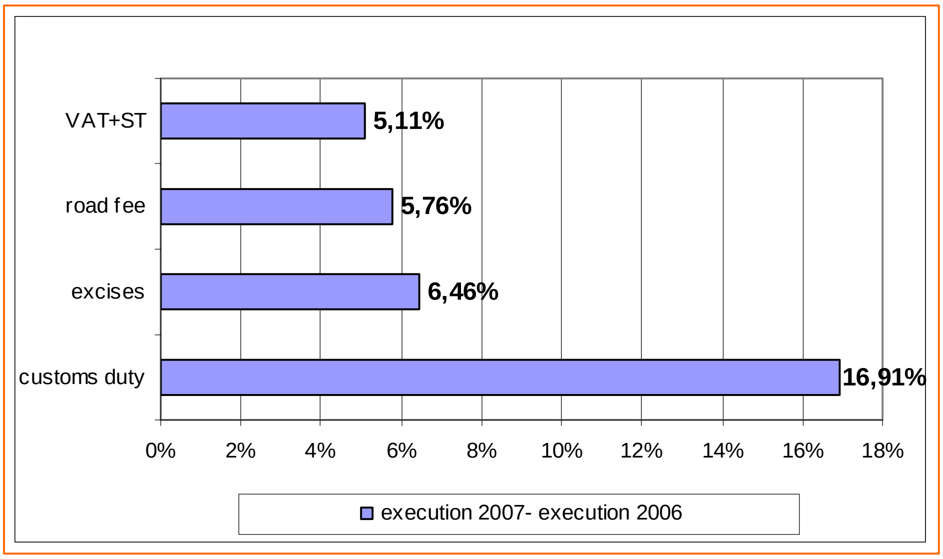

Chart 6

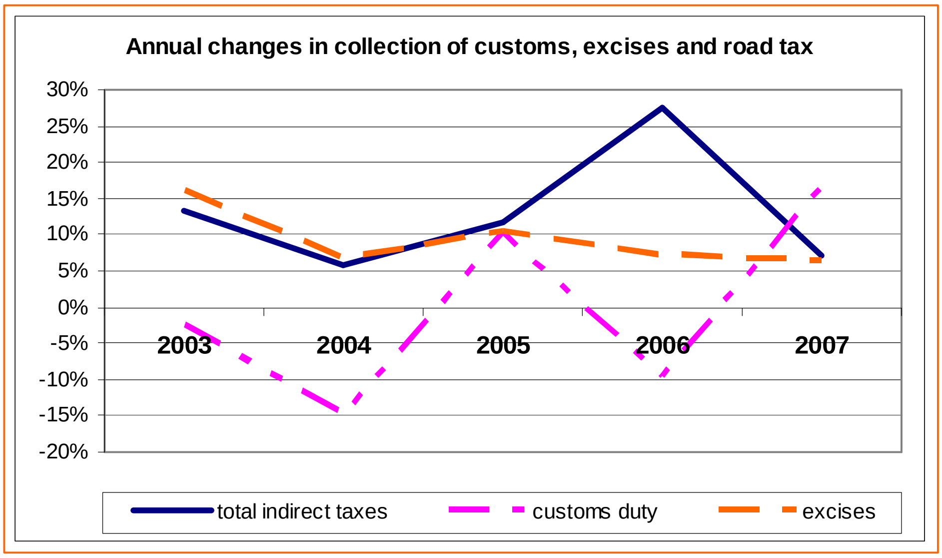

Chart 7

However, as opposed to customs revenues that suddenly increased, growth of excise revenues has been slowing down for in the last two years. This is presented by data in the following table:

Table 1: Annual changes in collection of excise by type of products, in %

	2003	2004	2005	2006	2007
Excise - total	9.47%	2.94%	12.89%	7.91%	6.62%
Oil	22.83%	4.67%	1.54%	2.08%	3.98%
Tobacco	-7.57%	4.84%	47.04%	12.60%	8.83%
Coffee	8.42%	-2.53%	18.97%	16.73%	3.70%
Alcohol, beer	-6.50%	-7.04%	-6.06%	19.30%	12.31%
Road tolls	67.24%	25.44%	0.56%	3.95%	5.74%

As highlighted in the introduction, it's not possible to compare the collection of VAT in 2007 with 2007 since the year of 2006 can not be taken as reference year. It's possible to present general assessment, which shows that the collection is high and stable, but we can not expect higher growth in future (Chart 8).

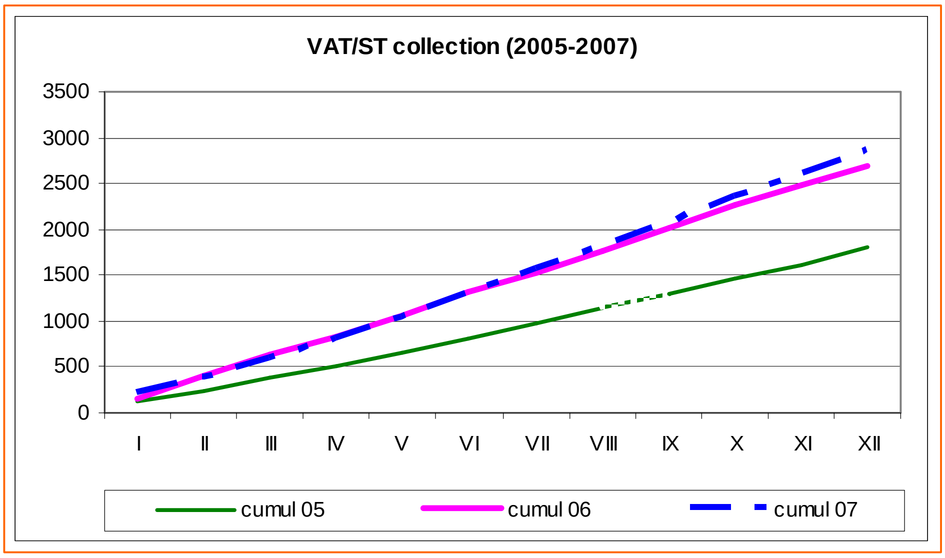

Chart 8

Conclusion

If we consider the collection of indirect taxes in the last six years, we can say that the collection in 2007 was high and stable.

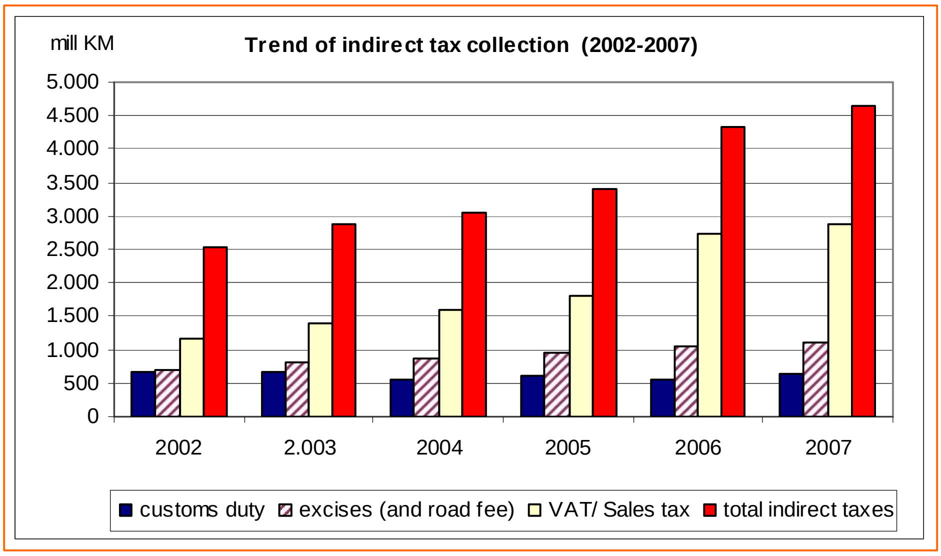

Chart 9

Net collection of indirect taxes was higher by 533 million KM (OR 12,96%) than originally planned. Although we can often hear statements that "surplus" or revenues comes from VAT, a calculation shown in the Chart 10 shows that the customs have high share in this increase. Out of total revenue increase of 533 million KM, share of the customs revenues is 32% and share of VAT is 63%.

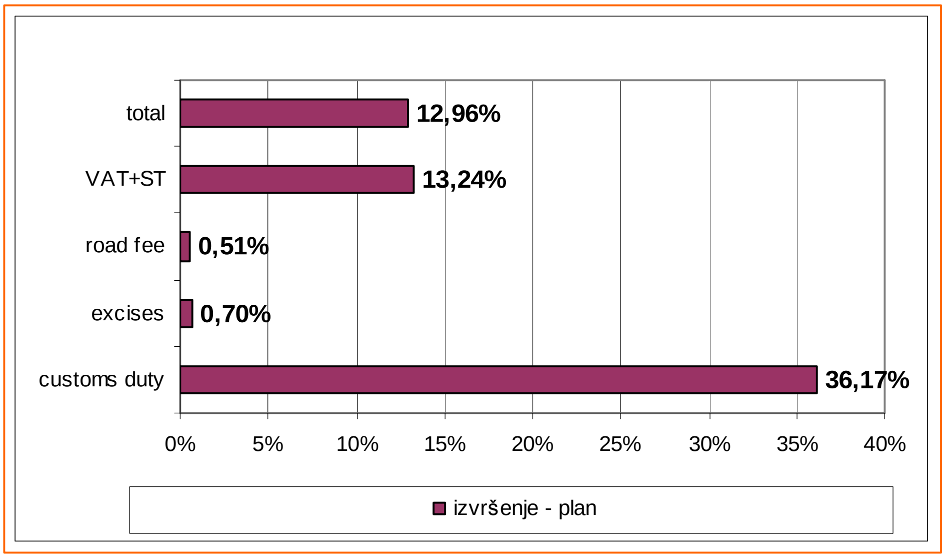

Chart 10

There is few reasons behind high collection of indirect taxes in terms of projections that the Unit prepared in the end of third quarter of 2006[4]:

1. **Global price increase in the world market**. Price increase (mineral oil, food, raw materials), caused by high demand of developing economies (China[5], India) had an impact on increase of import prices, which really affected open economies that depend on imports, such as BiH. Global price increase at world stock markets led to increase of inflation and worsened trade balance of BiH and *de facto* neutralized positive effects of VAT introduction in BiH. Unit's projections were based on 8% growth of imports[6]. Unexpected growth of imports by 22% led to significant increase of customs base, and subsequently to higher revenues calculated *ad valorem* (customs, VAT) that represent 55% of the total gross revenues from indirect taxes in BiH. This is also the indicator, which shows that price increase in BiH was mainly caused by external factors[7].
2. **Postponing of Stabilization and Accession Agreement (SAA).** The Unit based its projections of customs revenues on expectations that BiH would sign SAA in 2007. The Agreement includes introduction of free customs on imports from EU within the period of five years. Delay in signing the Agreement caused increase of the customs revenues thanks to global price increase. Effects of this delay are even bigger as customs is part of the base for calculation of VAT.
3. **Lower VAT refunds.** The Unit projected an increase of VAT refunds for taxpayers who are not primarily exporters after abolishment of refund suspension in 2006. Although it's not economically rational, taxpayers chose tax credits. Rate of refunds in terms of gross VAT amounts to 17,7%, which is very low in comparison with other countries[8]. Refunds in 2007 were also lower due to the problems with reserves as outlined in the introduction. Postponement of refunds and use of tax credits will reflect on the collection in 2008.

[4] Projections were presented in the Bulletin no. 15
[5] Since 2001, China's share in growth of demand for metals is 50% and it's 40% for growth in demand for mineral oils. (Source: *The Economist, 19th-25th January 2008, p. 67*)
[6] Projections of the Directorate for Economic Planning, September 2006 (See: Budget Framework Document 2007-2009, www.trezorbih.gov.ba)
[7] Highest price increase was for cereals and oil – 40-50%-, oil and oil products -35%-. Data for structural analysis prepared by Igor Gavran, Project Manager, Foreign Trade Chamber of BiH.
[8] e.g. share of refunds in gross collection of VAT in Slovakia is 53,9% (IMF data). Slovakia and Denmark are only countries in Europe that have single VAT rate and it's possible to compare their VAT system with BiH.

4. **Increase of VAT collection in domestic trade.** Sudden price increase of inputs, especially energy, had an impact on price increase in domestic trade and the collection of indirect taxes in the country (VAT). Average declared domestic VAT in 2007 was 15% higher than in 2006. Higher VAT revenues are also the result of economic growth and collection efficiency.

In addition to effects on the collection, the aforementioned factors slightly changed a structure of revenues from indirect taxes. In 2007, customs share of the revenues increased at the expensed of VAT share..

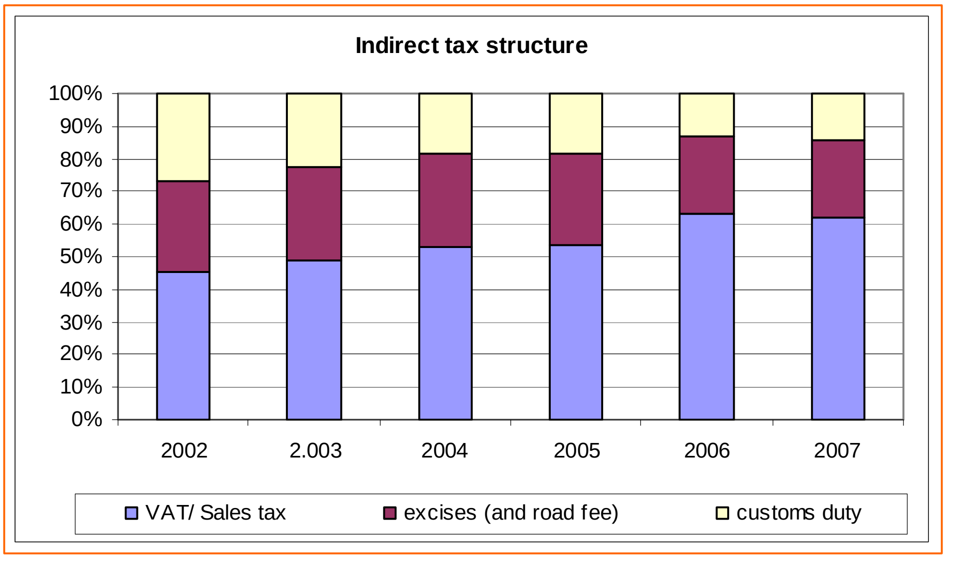

Chart 11

However, we expect BiH to overcome all difficulties and sign SAA in reasonable time. Signing of the Agreement will definitely reflect on decrease of the customs duties and partially on VAT on imports. Economists expect further growth of prices of basic raw materials, metal, food and energy at world stock markets due to demand of developing economies. In such situation, revenues from indirect taxes, which are calculated *ad valorem* will automatically increase and this can make the position of population and economy even worse. It's necessary to create two groups of fiscal policy measures that will sustain fiscal stability and reduce consequences of automatic indexation of fiscal revenues:

i. Have public spending at all levels within reasonable limits, except the one towards meeting obligations for EU membership
ii. Reduce tax burden on labor, which will compensate price increase of inputs in costing price and will stabilize selling prices. In long term, this will lead to improvement of competitive position of domestic companies and attraction of foreign investments.

In this context, Fiscal Council of BiH should have a role to coordinate fiscal policies of all levels of administration.

International harmonized statistical methodologies

(Author: Aleksandra Regoje, Macroeconomist in the Unit)

Globalization of the world economy creates a need for standardization and harmonization of national statistics. Private investments have become a driver of economic development in many countries and financial indicators are base for making investment decisions. In other hand, European integrations require harmonized statistical indicators of the member states as they are used for calculation of budget contributions of the member states and allocation of grants from regional, structural and cohesion EU funds. It is of utmost importance for development of national statistics to go in direction of harmonization of standards, classifications and methodologies with international standards. Internationally comparable data on national accounts represent a base for running economic and social policy of every country. Only reliable statistical systems enable adequate analysis and estimates based on which timely and rational decisions can be made.

In the last issue of the Bulletin, we wrote about the **European System of National and Regional Accounts – ESA 95**, which was developed by EU institutes of statistics. Basic aim of this methodology is to provide reliable statistical instruments that provide set of harmonized statistical indicators for institutions of the Community and governments. In this issue, we will talk about some other international statistical standards, their basic features and differences.

System of National Accounts - SNA is an international statistical standard developed by the United Nations, the Commission of the European Communities, the International Monetary Fund, the Organization for Economic Cooperation and Development, and the World Bank. Methodology has been revised over the period of time. Current version is from 1993 and it represents the revision of the version from 1968. SNA represents integrated set of reports based on internationally agreed concepts, definitions, classifications and accounting rules. It provides comprehensive accounting framework for compilation of statistical data and their presenting for purposes of statistical analysis and economic policy making.

Government Finance Statistics – GFS from 2001 is the latest in a series of international guidelines on statistical methodology that have been issued by the International Monetary Fund. The *Manual,* which updates the first edition published in 1986, is a major advance in the standards for compilation and presentation of fiscal statistics and part of a worldwide trend toward greater accountability and transparency in government finances.
The primary purpose of the GFS Manual is to provide a comprehensive accounting framework for analyzing fiscal policy of the general government. The GFS system is designed to provide statistics that enable policymakers and analysts to study
developments in the financial operations, financial position, and liquidity situation of the general government sector or the public sector in a consistent and systematic manner.[9]

SNA vs ESA

SNA 93 methodology has been designed in order to become basic statistical standard of all market economies in the world. The principle guiding the drafting of the ESA 95 has been that the new European methodology should be fully consistent with the SNA 93. At the same time, ESA should satisfy the need for enhanced comparability of national accounts data between the EU member states. This means that the ESA provides more specific guidelines than the SNA, but it does not change its basic accounting principles. Since SNA should be applicable throughout the world, the methodology has to be flexible enough in order to be able to accommodate the countries on very different level of economic development and with differing institutional arrangements[10]

ESA and SNA are not fully harmonized. The differences may be grouped in three basic categories:
1. Items where the ESA renders the definitions of the SNA more specific while being fully compatible with the SNA,
2. Items where the ESA deviates from the SNA, or where it is open to question whether the two are compatible,
3. Topics which are covered by one manual but not the other.

ESA splits the capital account of the SNA into two accounts entitled "Change in net worth due to saving and capital transfers" and "Acquisition of non-financial assets account". The balancing item

[9] Government Finance Statistics Manual 2001, International Monetary Fund
[10] OECD, STD/NA/RD(97)15

of the former account is "Changes in net worth due to saving and capital transfers" and the balancing item of the latter is of the same as in the SNA system "Net lending / Net borrowing".
There are no significant differences in classification of revenues. They mainly refer to difference in treatment of revenue from car registration and stamp taxes. According to ESA manual, revenue from car registration should be recorded as taxes on products - d214[11]. SNA does not explicitly list a category for car registration. In regards to the category d214 – taxes on products, excluding VAT and customs (d214), SNA 7.62 explains that „ A tax on a product usually becomes payable when it is produced, sold or imported, but it may also become payable in other circumstances, such as when a good is exported, leased, transferred, delivered or used for own consumption or own capital formation". In terms of tax on products, SNA "other current taxes" (d59) comprise payments by households to obtain certain licenses: to own or use vehicles, boats or aircrafts (not used for business purposes) or licenses to hunt, fish etc. It is not quite clear if **"other circumstances"** referred to in the SNA (from the paragraph 7.62) cover the registration of car.

In regards to stamp taxes, ESA includes them all in taxes on products regardless if they are paid by household or company. According to the SNA, taxes on products also include „Taxes on financial and capital transactions: these consist of taxes payable on the purchase or sale of non-financial and financial assets including foreign exchange. They become payable when the ownership of land and other assets changes, except as a result of capital transfers. They are treated as taxes on the services of intermediaries". SNA also explains that certain taxes may fall within the category of "other taxes on production" (d29) when paid by companies.

SNA vs GFS

SNA compiles aggregate statistics for entire economy i.e. its government and private sector[12]. GFS is a specialized system with basic purpose to provide basis for analyzing the government sector. The general government sector in GFS is identical to the definition in the SNA. Most of the accounting rules employed in the two systems are identical. GFS and SNA use accrual basis as the time of recording matches the time of the actual resource flows. Accrual basis provides the best estimate of the macroeconomic impact of government fiscal policy. With the cash basis, the time of recording may diverge significantly from the time of the economic activities and transactions to which they relate.

The principal difference between the two systems regarding accounting rules concerns consolidation. SNA does not recommend consolidation of statistics of institutional units. In other hand, GFS system eliminates all transactions between different institutional units, so the statistics is presented for the sector as whole. Estimate of total impact of government operations on overall economy is the most effective when measurement of government operations represents consolidated statistics. In other hand, SNA serves for wider spectrum of needs that includes comprehensive measuring of the production and differences between sectors.

GFS analytic consists of four statements: (1) Statement of Government Operations, (2) Statement of Other Economic Flows, (3) Balance Sheet and (4) Statement of Sources and Uses of Cash. The Statement of Government Operations is a presentation of the general government sector transactions for certain accounting period. Statement of Other Economic Flows provides table presentation of changes in assets, liabilities and net value that derive from sources that are not transactions (e.g. change of market prices, foreign exchange). The Balance Sheet records assets and liabilities of the general government at the end of each accounting period. The Statement of Sources and Uses of Cash records inflows and outflows of cash using classification similar to the one from the Statement of Government Operations.

[11] Detailed classification of revenues by the ESA 95 was published in the Bulletin no. 30
[12] System of National Accounts 1993

In the SNA, transactions are presented in a sequence of seven accounts. Other economic flows are presented in two accounts, and stocks are presented in the Balance Sheet. There is no SNA equivalent to the GFS Statement of Sources and Uses of Cash. The sequence of transaction accounts is divided into current and accumulation accounts. The current accounts record the production of goods and services and the generation, distribution, redistribution and use of income. The accumulation accounts record the acquisition and disposal of assets and liabilities.

Sequence of transaction accounts in the SNA
Table 2.

Current accounts	I	Production account
	II 1.1.	Generation of Income Account
	II 1.2.	Allocation of Primary Income Account
	II 2.	Secondary Distribution of Income Account
	II 4.1.	Use of Disposable Income Account
Accumulation accounts	III 1.	Capital Account
	III 2.	Financial Account

The GFS Statement of Government Operations is dividend into three sections: transactions affecting net worth, transactions in non-financial assets and transactions in financial assets and liabilities (financing). The transactions presented in the first section are similar to the transactions in the current accounts of the SNA with one exception: capital transfers are shown in the Capital Account of the SNA, one of the accumulation accounts. All of the GFS transactions presented in the second and third sections of the Statement of Government Operations are shown in the Capital and Financial Accounts, respectively, of the SNA.

Table 3. GFS Statement of Government Operations

Transactions affecting net worth
Revenue
Taxes
Social contributions [GFS]
Grants
Other revenue
Expenses
Compensation of employees [GFS]
Use of goods and services
Consumption of fixed capital [GFS]
Interest [GFS]
Subsidies
Grants
Social benefits [GFS]
Other expense
Net / gross operating balance
Transactions in non-financial assets
Net acquisition of non-financial assets
Fixed assets
Change in inventories
Valuables
Non-produced assets
Net lending / borrowing [GFS]
Transactions in financial assets and liabilities (financing)
Net acquisition of financial assets
Domestic
Foreign
Net incurrence of liabilities
Domestic
Foreign

In the GFS, Revenue is defined as the increase in net worth resulting from transactions, and expense as the decrease in net worth resulting from transactions. The net acquisition of non-

financial assets equals gross fixed capital formation less consumption of fixed capital plus changes in inventories and transactions in other non-financial assets.
Revenue less expense equals the net operating balance. Gross operating balance equals revenue less expense except consumption of fixed capital. Deduction of the net acquisition of non-financial assets results in net lending / borrowing, which is also equal to the net result of transaction in financial assets and liabilities.

The net operating balance is a measure of the ongoing sustainability of government operations. Net lending (+)/ borrowing (-) is a summary measure indicating the extent to which government is either putting financial resources at the disposal of other sectors in the economy or utilizing financial resources generated by other sectors.

There are more balancing items in the SNA than in the GFS system because there are more transaction accounts than sections of the Statement of Government Operations. Different treatment of some activities of net lending / borrowing and savings in the GFS differ from the same items in the SNA. In order to avoid confusion, in the GFS, [GFS] is added behind balance items and categories wherever certain position differs from the SNA.

The GFS system includes a detailed classification of taxes based on common practices in tax administration. Approach used in the GFS system is to classify all taxes usually on basis on which certain tax is imposed. In other hand, the SNA classifies taxes in accordance with their role in economic activities. So, some categories in the GFS system must be divided into two categories in the SNA, which depends if they are paid by producers or consumers.

In the SNA, all social benefits paid, including pensions are recorded either in the Secondary Distribution of Income Account/social benefits other than social transfers in kind (D 62) or in the Redistribution of Income Account / social transfers in kind. In the GFS system, all social benefits are not recorded as revenue. Retirement benefits are recorded as changes in liabilities of insurance technical reserves. Social benefits produced by the general government are recorded as expense and not as social benefits. Their costs are recorded in the various GFS expense categories, such as compensation to employees and use of goods and services.

Detailed classification of transactions in the GFD with corresponding account and categories of transactions in the SNA is presented in the table 4.

Table 4. Correspondence of GFS and SNA Transaction Categories

GFS Transaction Category	**Corresponding SNA account**
REVENUE TRANSACTIONS	
Taxes	
Taxes on income, profits, and capital gains	The Secondary Distribution of Income Account/current taxes on income, wealth, etc./taxes on income (D.51)
Taxes on payroll and workforce	The Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29)
Taxes on property	
Recurrent taxes on immovable property	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) Taxes paid by final consumers, including owner-occupiers of dwellings, are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59)

Recurrent taxes on net wealth	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59)
Estate, inheritance, and gift taxes	The Capital Account/capital transfers/capital taxes (D.91)
Taxes on financial and capital transactions	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214)
Other non-recurrent taxes on property	The Capital Account/capital transfers/capital taxes (D.91)
Other recurrent taxes on property	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production(D.29) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59)
Taxes on goods and services	
Value-added tax	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/value-added-type taxes (D.211)
Sales taxes	Taxes on domestically produced goods and services are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) Taxes on imported goods and services are recorded in the Allocation of Primary Income Account/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122)
Turnover and other general taxes on goods and services	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214)
Excises	Taxes on domestically produced goods and services are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) Taxes on imported goods and services are recorded in the Allocation of Primary Income Account/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122)
Profits of fiscal monopolies	The Allocation of Primary Income Account: taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214)
Taxes on specific services	Taxes on domestically produced goods and services are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214) Taxes on imported goods and services are recorded in the Allocation of Primary Income Account/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122)
Motor vehicle taxes	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59)
Other taxes on use of goods and on permission to use goods or perform services	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59)
Other taxes on goods	Taxes paid by enterprises are recorded in the Allocation of Primary Income

and services	Account/taxes on production and imports/other taxes on production (D.29) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc. /other current taxes (D.59)
Taxes on international trade and transactions	
Customs and other import duties	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes and duties on imports, excluding VAT/import duties (D.2121)
Taxes on exports	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/export taxes (D.213)
Profits of export or import monopolies	Profits of import monopolies are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes and duties on imports, excluding VAT/taxes on imports, excluding VAT and duties (D.2122) Profits of export monopolies are recorded in the Allocation of Primary Income Account/taxes on production and imports/taxes on products/export taxes (D.213)
Exchange profits	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214)
Exchange taxes	The Allocation of Primary Income Account/taxes on production and imports/taxes on products/taxes on products, excluding VAT, import, and export taxes (D.214)
Other taxes on international trade and Transactions	Taxes paid by enterprises are recorded in the Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29) Taxes paid by final consumers are recorded in the Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59)
Other taxes	
Other taxes paid solely by business	The Allocation of Primary Income Account/taxes on production and imports/other taxes on production (D.29)
Other taxes paid by other than business or unidentified	The Secondary Distribution of Income Account/current taxes on income, wealth, etc./other current taxes (D.59)
Social contributions	The Secondary Distribution of Income Account/social contributions (D.61)
Grants	Current grants are recorded in the Secondary Distribution of Income Account/other current transfers/current transfers within general government (D.73) or current international cooperation (D.74) Capital grants are recorded in the Capital Account/capital transfers/investment grants (D.92) or other capital transfers (D.99)
Property income	The Allocation of Primary Income Account/property income (D.4)
Sales of goods and services	Sales at prices that are economically significant are recorded in the Production Account/output/market output (P.11) Sales at prices that are not economically significant are recorded in the Production Account/output/other non-market output (P.13) Imputed sales of goods and services are recorded in the Production Account/output/market output (P.11)
Fines, penalties, and forfeits	The Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75)
Voluntary transfers other than grants	Current transfers are recorded in the Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75) Capital transfers are recorded in the Capital Account/capital transfers/investment grants (D.92) or other capital transfers (D.99)
Miscellaneous and unidentified revenue	Sales of scrap and used goods not classified as assets are recorded in the Production Account/intermediate consumption (P.2) (negative use) All other transactions are recorded in the Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75)
Expense Transactions	
Compensation of	The Generation of Income Account/compensation of employees (D.1)

employees	
Use of goods and services	Most transactions are recorded in the Production Account/intermediate consumption (P.2) .The SNA category also includes transactions related to own-account capital formation, which are recorded in the GFS system as the net acquisition of fixed assets
Consumption of fixed capital	The Production Account/consumption of fixed capital (K.1)
Interest	The Allocation of Primary Income Account/property income/interest (D.41)
Subsidies	The Allocation of Primary Income Account/subsidies (D.3)
Grants	Current transfers are recorded in the Secondary Distribution of Income Account/other current transfers/current transfers within general government (D.73) or current international cooperation (D.74) Capital transfers are recorded in the Capital Account/capital transfers/investment grants (D.92) or other capital transfers (D.99)
Social benefits	Social benefits in cash and all funded employer and unfunded employee social insurance benefits are recorded in the Secondary Distribution of Income Account/social benefits other than social transfers in kind (D.62) All other social benefits in kind are recorded in the Use of Disposable Income Account/final consumption expenditure/individual consumption expenditure (P.31)
Other expense	Property expense other than interest is recorded in The Allocation of Primary Income Account/property income (D.4) Current taxes paid to other government units are recorded in Generation of Income Account/taxes on production and imports /other taxes on production (D.29) Other current transactions are recorded in the Secondary Distribution of Income Account/other current transfers/miscellaneous current transfers (D.75) Capital transfers are recorded in the Capital Account/capital transfers/capital taxes (D.91), investment grants (D.92), or other capital transfers (D.99)
TRANSACTIONS IN NONFINANCIAL ASSETS	
Net acquisition of fixed assets	Transactions other than consumption of fixed capital are recorded in the Capital Account/gross fixed capital formation (P.51)
Consumption of fixed capital	The Capital Account/consumption of fixed capital (K.1)
Changes in inventories	The Capital Account/changes in inventories (P.52)
Net acquisition of valuables	The Capital Account/acquisitions less disposals of valuables (P.53)
Net acquisition of non-produced assets	The Capital Account/acquisitions less disposals of non-produced non-financial assets (K.2)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	
Monetary gold and SDRs	The Financial Account/monetary gold and SDRs (F.1)
Currency and deposits	The Financial Account/currency and deposits (F.2)
Securities other than shares	The Financial Account/securities other than shares (F.3)
Loans	The Financial Account/loans (F.4)
Shares and other equity	The Financial Account/shares and other equity (F.5)
Insurance technical reserves	The Financial Account/insurance technical reserves (F.7)
Financial derivatives	The Financial Account/financial derivatives (F.6)
Other accounts receivable/payable	The Financial Account/other accounts receivable/payable (F.8)

Trade in goods in the period from January to December 2007

(Author: Mirela Kadić, Research Assistant)

In order to get a real picture of BiH foreign trade in goods, it's necessary to include data for the last few years. Taking into consideration the fact that the introduction of VAT in BiH led to some foreign trade disproportions, comparison of 2007 with 2006 would provide biased picture of trade in goods.
Due to this, in analyzing these relationships, we also considered the year prior to the introduction of VAT.

Major trends in trade of goods
By analyzing monthly oscillations of exports, imports and deficit, we come to a conclusion that turbulences calmed down in 2007 and in the end of 2006. These turbulences were especially present in the last quarter of 2005 and first quarter of 2006. Monthly changes in imports and exports in 2007 were stable with no major deviations (chart 12.).

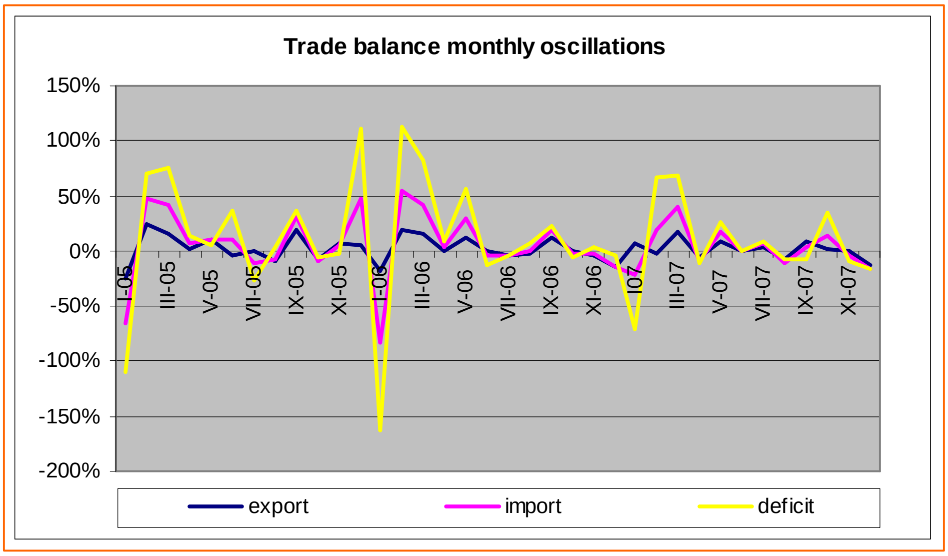

Chart 12

End of the first year of the VAT application in Bosnia and Herzegovina had very positive picture of the balance of trade in goods. Deficit decreased by 15,83%, coverage of imports by exports increased and it exceeded 50% during some months of 2006, and there was higher growth of exports than imports.

The end of 2007 led to worse situation with foreign trade in goods. Imports in 2007 compared to 2006 were higher by 2,5 billion KM (22%), growth of exports slowed down and it was 770 million KM higher (14,96%). Coverage of imports was reduced in comparison with 2006 (42,71%) and this ration was lowest (38,08%) in December 2007. However, coverage is much higher in comparison with 2005, when the coverage of imports was 25% in December.

In comparison with 2006, the deficit increased by 27,91% and by 7,66% compared to 2005. Deficit trends in the last three years have to be considered in the light of VAT introduction and in the context of drastic improvement of foreign trade balance in 2006, which was short term.

Table 5.

			In million KM							
	2003	**2004**	**2005**	**2006**	**2007**	**2004/2003**	**2005/2004**	**2006/2005**	**2007/2006**	**2007/2005***
Export	2.323	2.364	3.783	5.164	5.937	101,77	160,04	136,50	114,96	218,46
Import	8.319	9.306	11.179	11.389	13.899	111,86	120,12	101,88	122,04	122,39
Volume	10.642	11.670	14.962	16.554	19.836	109,66	128,21	110,64	119,83	141,85
Deficit	-5.996	-6.942	-7.395	-6.225	-7.962	115,77	106,53	84,17	127,91	89,67
Coverage	27,92	25,40	33,84	45,34	42,71	90,98	133,23	133,98	94,20	178,50

Total volume of BiH foreign trade in goods doubled since 2003 and this is encouraging. However, if we take into consideration the fact that rate of export growth was higher than import growth in 2006 only, and export base year of 2003 was pretty low compared to imports, we do not see great picture of foreign trade balance of BiH.

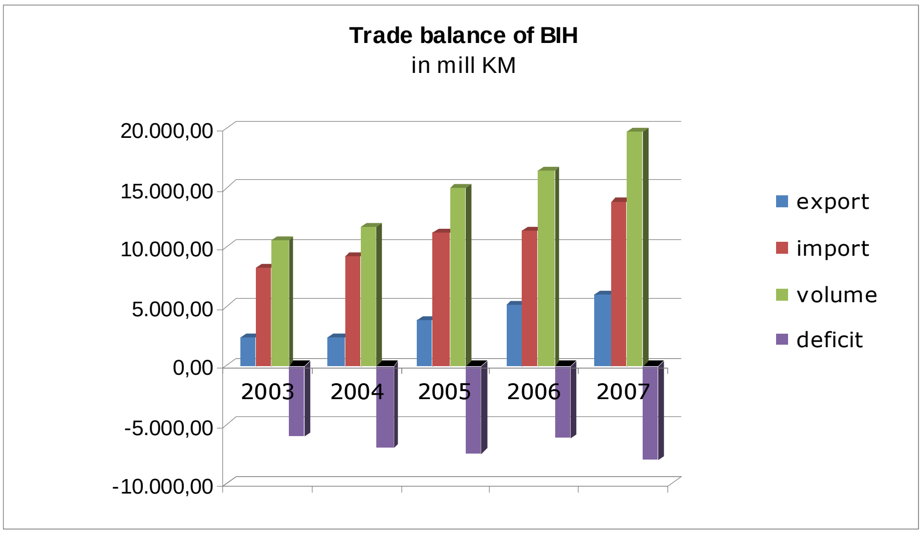

Chart 13

Structure of trade in goods

Analysis of a structure of the trade in goods is based on data for 2007 and 2006. However, in order to get the right picture of the structure, we also used data for 2005. We analyzed groups of products that have high share in exports and imports, but also groups of products that do not have such a high share, which are showing interesting trends in the last three years.

Export:

Highest share in the export structure for the period from January to December 2007: exports of base metal and base metal products (27,68%)—highest share is in export of aluminum and aluminum products ((10,75%), iron and steel (6,40%). Export of this group of products had an increase of 18,31% compared to the same period last year. It also experienced an increase in total structure of exports (table 6.).

In addition to base metals, important share of exports in 2007 fall on export of machines, mechanical and electronic devices, products of mineral origin (mineral oils with almost 8%), wood and wooden products with total share of 8,88%. It's interesting to mention that share of products of mineral origin, wood and wooden products, has decreased over the period of time. Share of wood and wooden products, was almost 16,70% in 2004 and it's 8,8% in 2007.

In terms of the export structure, it's important to mention a group that is classified as miscellaneous products according to the harmonized system of WTO codes. This group includes furniture that has the share of 7,53% in the structure of total exports.

Table 6.

GROUP OF PRODUCTS-EXPORT	2005	2006	2007	2006/2005	2007/2006
FOOD PRODUCTS	3,18%	2,77%	2,92%	18,96%	21,04%
PRODUCTS OF MINERAL ORIGIN	13,30%	11,76%	11,09%	20,70%	8,42%
PRODUCTS OF CHEMICAL OR SIMILAR INDUSTRY	7,57%	6,69%	5,46%	20,48%	-6,12%
LEATHER AND FUR	1,84%	2,18%	1,93%	61,44%	2,01%
WOOD AND WOODEN PRODUCTS	9,95%	8,96%	8,88%	22,81%	14,02%
CELLULOSE, PAPER, CARDBOARD AND THEIR PRODUCTS	2,07%	1,82%	1,92%	20,58%	20,72%
TEXTILE AND TEXTILE PRODUCTS	4,17%	4,93%	4,74%	61,61%	10,45%
SHOES, HATS, CAPS AND SIMILAR PRODUCTS	3,17%	5,79%	5,89%	149,31%	16,90%
BASE METALS AND BASE METAL PRODUCTS	25,03%	26,90%	27,68%	46,69%	18,31%
MACHINES, MECHANICAL AND ELECTRONIC DEVICES	14,38%	12,46%	12,85%	18,25%	18,62%
TRANSPORT MEANS, PARTS AND ACCESSORIES	2,45%	1,92%	1,84%	7,10%	9,97%
MISCELLANEOUS PRODUCTS	6,12%	7,75%	7,72%	73,10%	14,40%
OTHER PRODUCTS	6,78%	6,08%	7,09%	22,37%	34,08%
TOTAL	**100%**	**100%**	**100%**	**36,50%**	**14,96%**

If we look at the ratio of exports in 2006 and 2005, we can notice significant growth of exports for all groups of products, which is direct result of the introduction of VAT and delay of exports in the last quarter of 2005 for the first quarter of 2006. Ratio of exports between 2007 and 2006 provide more realistic picture in growth of exports.

Import:

In the structure of imports, highest share is in import of machines, devices, and mechanical and electronic devices (16,88%), mineral oils (14,04%) and base metals (12,19%). We also have food products with 9,13%, and import of drinks and alcohol has highest share in that group (2,18%), chemical industry products 8,94%, out of which 2,30 refers to pharmaceutical products.

Table 7.

GROUP OF PRODUCTS -IMPORT	2005	2006	2007	2006/2005	2007/2006
ANIMALS AND PRODUCTS OF ANIMAL ORIGIN	2,69%	2,07%	1,92%	-21,37%	12,77%
PRODUCTS OF PLANT ORIGIN	4,38%	4,11%	4,36%	-4,39%	29,39%
FOOD PRODUCTS	9,79%	10,09%	9,13%	5,00%	10,46%
PRODUCTS OF MINERAL ORIGIN	14,18%	16,53%	14,91%	18,71%	10,12%
PRODUCTS OF CHEMICAL OR SIMILAR INDUSTRY	9,28%	9,33%	8,94%	2,42%	16,88%
PLASTIC, RUBBER AND CAOUTCHOUC	4,64%	4,73%	4,91%	4,05%	15,11%
CELLULOSE, PAPER, CARDBOARD AND THEIR PRODUCTS	2,88%	2,80%	2,58%	-0,80%	2,81%
TEXTILE AND TEXTILE PRODUCTS	5,14%	5,31%	4,90%	5,17%	79,16%
PRODUCTS OF ROCK, PLASTER AND CEMENT	2,86%	2,55%	2,69%	-9,02%	28,60%
BASE METALS AND BASE METAL PRODUCTS	9,56%	10,43%	12,19%	11,09%	42,72%
MACHINES, MECHANICAL AND ELECTRONIC DEVICES	17,72%	15,95%	16,88%	-8,30%	29,15%
TRANSPORT MEANS, PARTS AND ACCESSORIES	8,15%	7,04%	7,60%	-12,05%	31,72%
MISCELLANEOUS PRODUCTS	2,11%	2,06%	2,32%	-0,77%	37,54%
OTHER PRODUCTS	6,62%	7,01%	6,67%	7,87%	-22,36%
TOTAL	**100,00%**	**100,00%**	**100,00%**	**1,88%**	**22,04%**

Introduction of VAT had contrary effect on import trends in 2006 in comparison with 2005, so we can notice shortfall in imports of almost all groups of products in 2006 compared to 2005. 2007 brings improvements in this ratio and old patterns, where we have high growth in imports of textile, metal and metal products, and equipment.

Conclusion:
In the period from January to December 2007, there were few basic trends in comparison with the same period last year:

- Growth of imports by 22,04%
- Growth of exports by 14,96%
- Growth of trade deficit by 27,91%
- Coverage imports is 42,71%

Foreign trade relations of BiH with abroad are getting back to old patterns. Introduction of VAT had immediate results for trade balance, such as deficit decrease, high coverage of imports and possible long term effects like introducing order in BiH MARKET, better monitoring of exporters and exports. Significant increases in exports can be achieved only through clear and strong foreign trade policy and export products.

New regulations: Tax Advisors in Republika Srpska

(Author: Milan Kuridža, Legal Advisor, Secretariat of the ITA Governing Board)

In our recent past, we used to hear about tax consulting in developed countries and wondered what this activity means, who is it useful for and how tax advisors earn money. Tax advisors now exist in Bosnia and Herzegovina. Law on Tax Consulting was passed in Republika Srpska.

Until recently, terms like accountant, auditor and tax consultant were considered as the same jobs. To be more precise, jobs in auditing and tax consulting were not present in today's meaning of these words. This was acceptable at the time when accounting, auditing and tax consulting represented obligation and books were not kept for the purpose of accurate reporting, but for some other reasons. With strengthening of the rule of law, control mechanisms and implementation of one of the most important taxes – value added tax, accounting is not like before and it's becoming like it's in developed countries. In addition to changes in the field of indirect taxes, there are serious changes in the field of direct taxes. We will just mention synthetic type of income tax implemented in Republika Srpska (It's in the procedure of adoption in the Federation of BiH). New types of direct taxes, four tax administrations, and numerous tax laws in BiH, entities, cantons and Brcko District and dynamic changes in the field of customs initiate many complex issues, which are of great importance for taxpayers.

First step in making clearer separation of accounting, auditing and tax consulting was made much earlier than the implementation of the value added tax. Functions of accounting and auditing of companies were separated. Later on, functions of public accounting and auditing were also separated by establishment of special state auditing bodies. Next step, which is being made in Republika Srpska for the first time is introduction of tax advisors. Tax advisors already exist in Croatia and Monte Negro and Macedonia is also in the process of introducing it.

What does tax advisor do?

Functions of a tax advisor:

- Providing expert assistance in tax issues,
- Representation before tax and judicial authorities in tax-administrative procedures, tax-administrative disputes, appeals before the Constitutional Court of BiH and Human Rights Court in Strasbourg and other criminal tax cases. Representation includes an option to appoint tax advisor as temporary representative in legally regulated cases.
- Acting as court experts before state authorities

In the first case, tax advisor provides professional consulting services and charges fee for that. His function will be important in filling out various tax declarations in completing of business activities and final calculation of tax liabilities. The fact that tax advisor is authorized to provide tax consulting does not mean that others (accountants, tax authorities, lawyers) will not provide tax advices any more. These parties will continue to provide different advices in the tax field. Accountant will consult on case to case basis, tax authorities will provide binding interpretations and non-binding notices, and lawyers will provide consulting on legal issues. As opposed to aforementioned, tax advisors do this as their primary job and financially guarantee for a quality of their tax consulting and damage that might result from wrong advices. That's why they have to get insurance for damage they might do to others as the result of bad consulting. Other difference compared to others is in the field of consulting. Accountant provides consulting on national tax law, tax authorities on part of tax law they are in charge of (entity or state regulations), and tax advisor provides consulting that covers both entities, all cantons, Brcko District and international tax regulations. Tax advisors also provide consulting on all types of taxes and customs. Scope of work for tax advisors is much wider than for aforementioned professions. In other hand, responsibility of tax advisor is much greater and stricter than responsibility of an accountant who provides tax consulting. As aforementioned, insurance of responsibility of tax advisors is an additional guarantee that insurance company will provide compensation for damage that might derive from the work of tax advisors.

In other case, tax advisor may act as an agent – attorney in administrative disputes before tax authorities and relevant court, appeal procedures before the Constitutional Court of BiH and the Human Rights Court in Strausbourgh, and criminal cases before relevant courts. Accountants and auditors do not have such legal power, but lawyers do. Difference between tax advisor and lawyer is the fact that this is represents specialization for tax advisor and he/she is probably more familiar with the regulations in this field than lawyers. Law on tax consulting and other regulations in Republika Srpska do not precisely say that accountants and auditors do not have legal power for representation (as it's regulated in the Law on tax procedures in Croatia), and legal power for tax advisors may be understood as the first step towards exclusive rights of tax advisors to represent taxpayers in tax issues.

Ultimately, tax advisors also act as experts before the state authorities. This represents additional authorization of tax advisors as other experts so far had to be authorized as court experts in accordance with relevant regulations in this field of judicial regulations.

Tax consulting can be provided by legal and physical persons. Physical persons get license (approval to work) once they pass an exam for tax advisors. Requirement to take this exam is a degree in Law or Economics and at least five years of experience in tax work. Another requirement is insurance for potential damage that may be the result of consulting. This requirement has to be met before taking an exam, which is not rational as the person will get the insurance before he/she gets a license and starts to work. Individuals get a license from the Minister of Finance and companies get a license if founders or director have tax advisor's license. This is also not very rational as the license should not relate to owners, but those who professionally work in that legal entity.

In addition to certain rights, advisors have many duties and responsibilities. Tax advisors have many responsibilities:

- Responsibility to client: typical responsibility in accordance with obligatory rules, additional responsibility in accordance with a contract made with insurance company that tax advisor must have,
- Responsibility to the Court of Honor of the Chamber of Tax Advisors,
- In addition to general types of responsibility, tax advisors also have offense liability regulated by the Law on Tax Consulting,

Responsibility of tax advisors regulated in this way provides a guarantee to beneficiaries of their services in terms of quality and possibility to get compensation in case of damage caused by their consulting.

Tax advisors may establish professional chamber, which represents legal entity with special type of public powers. Until recently, there was only general chamber of commerce and various professional chambers have been recently established that

enrich system of chambers of commerce in BiH. For example: medical chamber of commerce, notary chamber of commerce, chamber of commerce of craftsmen.
Membership in the chamber is individual and collective as members can be tax advisors, tax consulting companies, directors and members of management boards. In addition to education function, the Chamber also carries out the following functions;

- Preparation of professional code of conduct, tariff and pricelist of services,
- Proposal of experts to state authorities,
- Supervision of duties of members,
- Decision on membership fee,
- Keeping registry of tax advisors,
- Suggest appointment of tax advisors as members of commissions for exam for tax advisor,
- Initiate change of regulations etc.

Tax chamber may be established once at least 20 tax advisors have work approval (license).

Summary: This is a brief description of main features of tax advisors in Republika Srpska. This new Law in this entity will probably be followed by similar regulations in the Federation of BiH and Brcko District.
In terms of legal position of these persons, we can conclude that responsibility is very much emphasized. In comparison with other persons who carry out similar activities, tax advisor has some additional rights that were underlined in the article. Time will show if these rights and obligations will be incentive for establishment of this institution, which is important for the country. Assumption of the author is that there will not be much interest in this. It will gain importance over the period of time. Important clients will first be great companies that understand advantages of such consulting. Foreign companies will really understand importance of this function as such profession has existed in their countries for long time. Tax consulting has become professional standard of developed countries. Some steps on this path were made in Republika Srpska.

Consolidated Reports

(prepared by: Aleksandra Regoje, macroeconomist in the Unit and Mirela Kadić, research assistant)

Notes to table 9

1.The consolidated report includes:

- revenues and expenditures of the budget of Bosnia and Herzegovina
- revenues and expenditures of the budget of Brčko District,
- revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
- revenues and expenditures of the budget of the Republika Srpska,
- revenues and expenditures of the budget of 10 cantons in the Federation

2.Report includes amortization of foreign debt
3. 2007 year report is not fully comparable with previous year data because of separation of Health insurance fund of Brcko District as an independent financial institution.

Notes to table 10, 11 and 12

The consolidated report includes:

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

BiH, entities, Brčko Distrikt, cantons, I - XI 2007

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	Q1	Q2	Q3	Q4	I-XI 2007
1	**Current Revenues** (11+12+13+14)	**365,864,031**	**362,542,776**	**435,768,003**	**447,033,703**	**453,361,419**	**454,660,228**	**566,027,370**	**486,276,890**	**443,622,000**	**500,283,313**	**479,451,407**	**1,164,174,811**	**1,355,055,350**	**1,495,926,260**	**979,734,720**	**4,994,891,141**
11	Taxes	331,283,490	320,153,466	378,737,970	372,886,523	407,954,705	397,160,753	423,971,621	435,607,061	396,105,673	440,894,443	401,230,774	1,030,174,925	1,178,001,982	1,255,684,355	842,125,216	4,305,986,479
	Income & profit tax	12,544,367	20,613,511	35,128,285	11,510,839	12,089,962	14,844,137	15,893,794	13,207,855	12,374,364	15,495,661	17,613,699	68,286,163	38,444,937	41,476,014	33,109,360	181,316,474
	Social security contributions (Brcko)	885,378	1,295,751	1,443,594	205,387	-3,458,698	-314,381	58,029	101,313	-20,227	0	-196,145	3,624,723	-3,567,692	139,115	-196,145	1
	Taxes on personal income and self-employment	19,415,095	20,187,012	22,808,930	24,132,609	23,093,319	23,331,801	26,366,754	23,882,171	22,967,813	25,865,592	25,662,597	62,411,038	70,557,728	73,216,738	51,528,189	257,713,692
	Property tax	3,198,734	2,809,589	2,542,433	2,773,241	2,189,302	1,856,862	1,565,000	1,702,561	1,273,993	1,547,278	1,603,857	8,550,756	6,819,404	4,541,554	3,151,134	23,062,849
	Transfers from Single Account	294,474,565	273,765,529	313,181,576	333,203,198	373,024,312	356,405,990	378,743,654	395,216,626	357,981,461	393,074,440	355,037,358	881,421,669	1,062,633,499	1,131,941,741	748,111,798	3,824,108,707
	Other taxes	765,350	1,482,075	3,633,151	1,061,250	1,016,509	1,036,345	1,344,389	1,496,536	1,528,269	4,911,472	1,509,408	5,880,577	3,114,105	4,369,194	6,420,880	19,784,756
12	Non-tax revenues	31,751,067	39,691,224	53,795,385	44,257,044	44,157,140	53,550,193	139,282,834	49,474,004	45,446,199	57,211,179	70,874,827	125,237,675	141,964,377	234,203,036	128,086,006	629,491,095
13	Grants	2,157,794	2,026,417	2,464,446	28,639,288	441,111	1,479,927	2,623,299	1,192,354	2,049,456	2,104,512	7,326,439	6,648,657	30,560,325	5,865,108	9,430,950	52,505,041
14	Other revenues	671,681	671,669	770,203	1,250,848	808,463	2,469,355	149,616	3,472	20,672	73,180	19,367	2,113,553	4,528,666	173,760	92,547	6,908,526
2	**Total expenditures** (21+22+23)	**243,355,194**	**282,079,297**	**306,390,770**	**342,953,508**	**384,289,362**	**474,324,249**	**398,602,334**	**360,880,730**	**404,440,486**	**438,023,647**	**495,242,608**	**831,825,261**	**1,201,567,119**	**1,163,923,550**	**933,266,255**	**4,130,582,185**
21	Current expenditures	236,837,940	276,391,149	301,417,298	334,664,217	383,289,310	449,280,504	373,172,559	352,364,899	399,919,612	435,524,712	494,745,027	814,646,387	1,167,234,031	1,125,457,070	930,269,739	4,037,607,227
	Wages and compensations	141,997,276	142,958,829	146,968,323	153,223,458	161,012,392	201,902,172	142,478,893	152,662,704	159,827,311	168,563,198	169,818,493	431,924,428	516,138,021	454,968,908	338,381,690	1,741,413,047
	of which: Gross wages	118,386,827	120,883,729	122,191,628	129,004,209	133,106,481	133,030,915	123,949,277	131,304,587	134,255,231	135,671,585	137,740,963	361,462,183	395,141,605	389,509,095	273,412,549	1,419,525,432
	of which: Compensations	23,610,449	22,075,100	24,776,695	24,219,248	27,905,911	68,871,257	18,529,616	21,358,116	25,572,080	32,891,612	32,077,529	70,462,245	120,996,416	65,459,812	64,969,142	321,887,615
	Other taxes and contributions	7,823,503	7,562,560	8,047,240	8,232,025	8,699,075	12,920,156	7,185,875	8,573,154	8,905,869	9,571,944	9,349,589	23,433,303	29,851,255	24,664,899	18,921,533	96,870,989
	Purchases of goods and services	22,174,691	29,330,881	31,523,435	35,554,028	33,804,650	34,940,906	34,994,066	34,661,688	46,431,787	57,144,922	68,331,634	83,029,006	104,299,584	116,087,542	125,476,556	428,892,689
	Capital grants	61,350,280	81,653,753	108,941,037	132,842,495	167,321,984	177,435,268	187,721,343	143,606,987	172,719,913	194,920,352	232,691,541	251,945,071	477,599,748	504,048,242	427,611,893	1,661,204,953
	Interest	3,492,189	14,885,126	5,937,263	4,812,212	12,451,209	22,082,003	792,382	12,860,366	12,034,731	5,324,297	14,553,771	24,314,579	39,345,424	25,687,480	19,878,067	109,225,549
22	Other expenditures	6,826,200	6,750,553	5,057,629	5,720,201	2,425,934	27,270,808	26,746,291	7,756,375	2,134,109	-4,070,792	1,710,171	18,634,382	35,416,943	36,636,776	-2,360,621	88,327,480
23	Net lending**	-308,946	-1,062,405	-84,157	2,569,090	-1,425,881	-2,227,064	-1,316,517	759,457	2,386,765	6,569,727	-1,212,590	-1,455,508	-1,083,855	1,829,705	5,357,136	4,647,478
3	**Net acquisition of nonfinancial assets**	1,488,321	1,331,092	2,256,112	3,162,763	-1,291,753	25,810,385	25,208,910	26,088,978	14,810,003	38,175,776	33,631,210	5,075,524	27,681,394	66,107,891	71,806,987	170,671,797
4	**Government surplus/deficit** (1-2-3)	**121,020,517**	**79,132,386**	**127,121,122**	**100,917,432**	**70,363,810**	**-45,474,406**	**142,216,126**	**99,307,181**	**24,371,511**	**24,083,890**	**-49,422,411**	**327,274,025**	**125,806,837**	**265,894,818**	**-25,338,521**	**693,637,159**
5	**Net financing *****	**-30,358,447**	**-7,240,853**	**-8,949,968**	**-10,024,049**	**-12,707,760**	**-31,853,221**	**-14,752,193**	**-4,864,036**	**-21,212,886**	**-10,726,260**	**-22,004,267**	**-46,549,268**	**-54,585,029**	**-40,829,115**	**-32,730,527**	**-174,693,939**

Table 9.

Sarajevo Canton, I – X 2007

		I	II	III	IV	V	VI	VII	VIII	IX	X	I-X 2007	I-X 2006
1	**Total revenues** (11+12+13+14)	**55,893,808**	**57,221,329**	**65,488,877**	**61,101,230**	**63,224,733**	**64,285,552**	**75,339,148**	**66,349,482**	**65,887,335**	**72,925,528**	**647,717,022**	**595,226,460**
11	Tax revenues	46,742,283	48,007,226	52,280,435	50,577,359	54,245,478	52,719,698	63,642,264	58,150,121	55,445,859	61,012,658	542,823,379	505,316,373
	Income & profit tax	4,024,279	6,240,866	3,939,355	3,608,856	2,501,215	2,978,892	4,313,461	4,291,773	4,488,031	5,162,645	41,549,374	34,805,684
	Taxes on personal income and self-employment	4,351,201	5,839,852	6,955,161	7,770,376	6,305,552	6,383,509	7,538,566	6,288,668	6,136,773	7,508,393	65,078,051	57,169,381
	Property tax	3,102,185	5,407,642	2,069,444	2,215,034	3,189,662	2,619,483	2,708,159	2,551,111	2,292,452	2,678,253	28,833,426	22,011,147
	Sales tax (incl.excises)(according to Regulations until 31,12,2005)	617,592	520,157	378,014	853,546	1,289,848	533,487	2,294,070	357,669	381,078	1,008,021	8,233,483	49,189,049
	Transfers from Single Account	34,349,633	29,600,555	35,625,820	35,643,281	40,479,317	39,766,542	46,289,447	44,224,448	41,683,460	44,175,254	391,837,756	336,883,631
	Other taxes	297,393	398,153	3,312,641	486,264	479,884	437,785	498,561	436,452	464,064	480,092	7,291,289	5,257,485
12	Non-tax revenues	9,012,924	7,847,816	12,227,033	8,815,997	7,273,274	9,744,198	9,288,829	6,959,703	8,934,655	9,791,863	89,896,291	83,825,031
13	Grants	138,601	1,147,537	758,244	1,484,709	1,379,879	1,169,452	2,081,953	913,556	1,180,719	1,794,905	12,049,556	6,085,054
14	Other revenues	0	218,750	223,166	223,166	326,102	652,204	326,102	326,102	326,102	326,102	2,947,796	
2	**Total expenditures** (21+22)	**37,126,998**	**42,675,385**	**48,768,516**	**74,269,601**	**55,847,897**	**59,626,552**	**61,846,624**	**51,775,677**	**63,255,598**	**65,859,446**	**561,052,293**	**527,340,142**
21	Current expenditures	37,368,534	43,705,906	48,808,170	74,642,692	55,875,456	61,111,663	62,215,259	51,796,713	61,152,167	63,672,996	560,349,555	532,527,888
	Wages and compensations	19,930,262	19,440,569	19,876,650	19,953,676	20,018,185	26,233,389	17,893,198	18,560,972	19,494,046	20,035,180	201,436,128	188,021,577
	of which: Gross wages	14,499,556	15,427,224	15,457,228	15,352,343	15,259,149	15,227,935	15,195,356	14,970,893	15,383,522	15,430,033	152,203,238	145,730,002
	of which: Compensations	5,430,706	4,013,345	4,419,422	4,601,333	4,759,037	11,005,454	2,697,842	3,590,080	4,110,524	4,605,147	49,232,890	42,291,575
	Other taxes and contributions	1,732,216	1,836,867	1,852,870	1,834,091	1,823,882	1,819,086	1,821,095	1,794,355	1,841,676	1,843,073	18,199,211	17,548,146
	Purchases of goods and services	2,810,395	4,403,112	5,481,026	4,929,226	5,253,764	5,677,680	3,568,068	3,421,902	4,961,930	5,244,800	45,751,902	48,055,764
	Grants	12,895,616	17,787,187	21,174,675	47,890,633	28,708,470	27,378,127	38,711,610	28,016,106	34,447,580	36,516,135	293,526,139	276,903,402
	Interest	44	238,171	422,949	35,067	71,155	3,382	221,288	3,377	406,935	33,809	1,436,176	1,999,003
	Transfers to lower spending units	0	0	0	0	0	0	0	0	0	0	0	
22	Net lending*	-241,536	-1,030,521	-39,654	-373,091	-27,559	-1,485,111	-368,635	-21,036	2,103,431	2,186,450	702,738	-5,187,746
3	**Net acquisition of nonfinancial assets**	**-171,812**	**215,726**	**1,016,102**	**-7,618,417**	**3,075,363**	**1,731,861**	**1,581,977**	**4,356,669**	**2,569,241**	**1,748,323**	**8,505,035**	**11,326,332**
4	**Government surplus/deficit** (1-2-3)	**18,938,622**	**14,330,217**	**15,704,260**	**-5,549,954**	**4,301,472**	**2,927,139**	**11,910,546**	**10,217,137**	**62,495**	**5,317,759**	**78,159,694**	**56,559,983**
5	**Net financing ****	**-1,568**	**-19,445**	**-10,517**	**-10,524**	**-47,552**	**-10,539**	**-10,539**	**-9,722**	**-9,722**	**-9,722**	**-139,850**	**-58,288**

Table 10.

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Bosnian Podrinje Canton, I – X 2007

		I	II	III	IV	V	VI	VII	VIII	IX	X	Q1	Q2	Q3	Q4	I-IV 2007	I-X 2006
1	**Total revenues** (11+12+13+14)	**2,770,245**	**2,220,982**	**2,664,828**	**4,858,767**	**3,132,567**	**4,122,478**	**3,829,204**	**3,907,507**	**4,065,077**	**3,389,141**	**7,656,055**	**12,113,812**	**11,801,788**	**3,389,141**	**34,960,795**	**27,062,032**
11	Tax revenues	2,211,541	1,929,457	2,302,558	2,229,278	2,769,311	2,539,044	2,759,242	2,831,920	2,709,151	2,874,420	6,443,557	7,537,633	8,300,313	2,874,420	25,155,923	16,702,244
	Income & profit tax	36,511	32,666	44,719	63,650	28,719	17,950	23,599	27,868	35,461	37,314	113,896	110,319	86,927	37,314	348,457	227,447
	Taxes on personal income and self-employment	193,984	192,594	200,581	200,592	230,627	229,594	233,869	236,915	227,538	275,111	587,159	660,813	698,322	275,111	2,221,405	1,869,307
	Property tax	18,376	23,296	27,118	25,850	25,437	29,714	29,653	47,158	30,912	42,564	68,790	81,001	107,722	42,564	300,078	199,116
	Sales tax (incl.excises)(according to Regulations until 31,12,2005)	31,091	9,444	17,688	22,396	102,239	24,301	55,622	23,489	21,025	20,434	58,222	148,935	100,136	20,434	327,727	1,104,651
	Transfers from Single Account	1,925,114	1,663,807	2,004,593	1,908,507	2,373,650	2,228,963	2,407,103	2,486,928	2,383,949	2,487,978	5,593,514	6,511,121	7,277,979	2,487,978	21,870,592	13,224,417
	Other taxes	6,465	7,650	7,860	8,284	8,640	8,521	9,396	9,564	10,266	11,019	21,975	25,445	29,226	11,019	87,665	77,310
12	Non-tax revenues	373,445	199,404	259,332	124,231	213,079	185,592	127,258	178,417	149,649	315,169	832,181	522,902	455,324	315,169	2,125,577	3,854,728
13	Grants	179,861	88,513	100,670	2,500,383	144,692	1,378,840	900,839	889,423	1,198,685	195,967	369,044	4,023,915	2,988,947	195,967	7,577,873	6,464,657
14	Other revenues	5,397	3,607	2,269	4,875	5,485	19,002	41,865	7,747	7,592	3,584	11,273	29,362	57,204	3,584	101,423	40,404
2	**Total expenditures** (21+22)	**2,384,176**	**2,396,102**	**2,583,778**	**2,681,382**	**2,508,043**	**2,885,131**	**2,771,498**	**3,022,266**	**3,647,027**	**4,156,042**	**7,364,056**	**8,074,557**	**9,440,791**	**4,156,042**	**29,035,445**	**20,320,136**
21	Current expenditures	2,384,841	2,389,583	2,583,778	2,679,758	2,491,127	2,885,423	2,771,790	3,022,642	3,647,527	4,156,313	7,358,202	8,056,308	9,441,959	4,156,313	29,012,782	20,236,462
	Wages and compensations	1,015,559	1,068,873	1,156,775	1,236,538	1,236,597	1,302,807	1,377,475	1,200,183	1,534,253	1,568,693	3,241,206	3,775,942	4,111,911	1,568,693	12,697,752	9,254,336
	of which: Gross wages	817,323	832,593	933,316	984,739	990,776	952,831	985,965	1,002,958	1,287,937	1,308,103	2,583,233	2,928,346	3,276,860	1,308,103	10,096,541	7,307,768
	of which: Compensations	198,236	236,279	223,458	251,800	245,821	349,976	391,511	197,225	246,315	260,590	657,974	847,596	835,051	260,590	2,601,210	1,946,569
	Other taxes and contributions	100,615	100,528	113,255	117,954	117,816	116,031	123,365	122,244	159,551	163,229	314,397	351,802	405,161	163,229	1,234,589	895,744
	Purchases of goods and services	499,269	561,206	433,439	494,637	422,436	263,849	224,986	473,074	724,257	775,478	1,493,914	1,180,922	1,422,317	775,478	4,872,631	3,809,741
	Grants	766,975	656,896	878,042	828,441	712,343	1,200,602	1,042,615	1,223,860	1,229,255	1,646,334	2,301,912	2,741,385	3,495,730	1,646,334	10,185,361	6,248,210
	Interest	2,424	2,080	2,268	2,188	1,934	2,134	1,848	1,781	212	2,579	6,772	6,257	3,841	2,579	19,448	28,430
	Transfers to lower spending units	0	0	0	0	0	0	1,500	1,500	0	0	0	0	3,000	0	3,000	
22	Net lending*	-665	6,519	0	1,624	16,917	-292	-292	-376	-500	-271	5,854	18,249	-1,168	-271	22,663	83,669
3	**Net acquisition of nonfinancial assets**	**11,699**	**33,370**	**8,092**	**138,215**	**130,516**	**18,255**	**289,553**	**73,212**	**362,874**	**259,181**	**53,161**	**286,985**	**725,639**	**259,181**	**1,324,967**	**582,007**
4	**Government surplus/deficit** (1-2-3)	**374,370**	**-208,490**	**72,959**	**2,039,170**	**494,008**	**1,219,092**	**768,153**	**812,028**	**55,177**	**-1,026,082**	**238,839**	**3,752,270**	**1,635,357**	**-1,026,082**	**4,600,383**	**6,159,890**
5	**Net financing ****	**-14,702**	**-13,598**	**-14,356**	**-14,096**	**-13,398**	**-833**	**-13,325**	**0**	**-833**	**-19,115**	**-42,657**	**-28,328**	**-14,158**	**-19,115**	**-104,258**	**-357,480**

Table 11.

Una Sana Canton, I –XI 2007

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	Q1	Q2	Q3	Q4	I-XI 2007	I-XI 2006
1	**Total revenues** (11+12+13+14)	**16,874,597**	**15,528,560**	**17,734,432**	**17,572,030**	**20,457,535**	**20,183,764**	**22,915,300**	**21,007,663**	**20,484,063**	**21,905,911**	**18,451,222**	**50,137,590**	**58,213,329**	**64,407,026**	**40,357,132**	**213,115,077**	**181,512,762**
11	Tax revenues	13,791,433	12,491,690	14,502,314	14,706,696	16,741,791	15,718,415	19,217,370	17,152,939	16,594,488	17,948,234	14,717,675	40,785,437	47,166,901	52,964,797	32,665,909	173,583,044	151,664,842
	Income & profit tax	342,461	519,429	379,963	450,985	711,071	386,566	672,973	313,841	311,734	345,571	364,011	1,241,853	1,548,623	1,298,548	709,582	4,798,605	3,568,308
	Taxes on personal income and self-employment	1,035,361	1,460,084	1,190,035	1,152,482	1,127,743	1,387,472	1,430,912	1,243,180	1,320,009	1,229,994	1,370,936	3,685,480	3,667,697	3,994,101	2,600,929	13,948,207	12,087,642
	Property tax	283,460	333,385	230,945	435,757	348,189	341,152	474,471	566,771	690,186	781,313	433,447	847,790	1,125,099	1,731,428	1,214,760	4,919,077	3,438,894
	Sales tax (incl.excises)(according to Regulations until 31,12,2005)	573,102	278,377	327,818	294,013	820,547	278,243	845,578	250,663	170,242	189,666	195,512	1,179,297	1,392,803	1,266,484	385,178	4,223,762	15,787,840
	Transfers from Single Account	11,510,659	9,852,723	12,312,678	12,317,180	13,682,962	13,233,305	15,714,351	14,713,221	14,033,309	15,336,981	12,287,063	33,676,060	39,233,447	44,460,881	27,624,045	144,994,434	116,177,593
	Other taxes	46,390	47,692	60,875	56,278	51,279	91,675	79,084	65,264	69,007	64,708	66,706	154,957	199,232	213,356	131,414	698,959	604,565
12	Non-tax revenues	2,825,588	3,004,292	2,946,737	2,768,200	2,796,732	4,326,772	3,038,392	2,890,011	3,321,978	3,372,769	3,114,368	8,776,617	9,891,704	9,250,381	6,487,137	34,405,838	27,574,681
13	Grants	257,576	29,778	285,381	95,734	919,012	138,578	659,538	964,713	567,597	584,908	619,179	572,736	1,153,324	2,191,848	1,204,087	5,121,995	2,121,810
14	Other revenues	0	2,800	0	1,400	0	0	0	0	0	0	0	2,800	1,400	0	0	4,200	151,431
2	**Total expenditures** (21+22)	**10,657,265**	**11,071,898**	**14,217,414**	**15,256,593**	**14,912,889**	**17,438,116**	**23,549,590**	**16,309,835**	**15,105,508**	**17,943,298**	**19,146,493**	**35,946,577**	**47,607,597**	**54,964,933**	**37,089,792**	**175,608,899**	**139,843,435**
21	Current expenditures	10,657,265	11,075,142	14,217,582	15,256,593	14,984,552	17,427,464	23,549,590	16,309,835	15,105,508	17,961,148	19,146,493	35,949,989	47,668,608	54,964,933	37,107,642	175,691,172	140,490,253
	Wages and compensations	6,929,460	7,420,399	8,817,654	8,858,335	8,536,904	11,186,847	8,013,463	8,652,912	8,863,956	8,948,193	9,750,345	23,167,513	28,582,086	25,530,331	18,698,538	95,978,467	82,751,554
	of which: Gross wages	5,851,223	6,350,605	7,028,958	7,217,380	7,146,306	7,780,356	6,711,306	7,486,912	7,629,801	7,160,264	7,716,689	19,230,786	22,144,042	21,828,019	14,876,953	78,079,800	67,832,554
	of which: Compensations	1,078,237	1,069,794	1,788,696	1,640,955	1,390,598	3,406,491	1,302,157	1,166,000	1,234,155	1,787,929	2,033,656	3,936,727	6,438,044	3,702,312	3,821,585	17,898,666	14,919,001
	Other taxes and contributions	698,939	751,245	929,274	788,965	875,529	931,931	848,951	922,079	915,154	864,706	930,434	2,379,458	2,596,426	2,686,184	1,795,141	9,457,208	8,080,984
	Purchases of goods and services	1,242,153	1,014,250	1,741,041	2,627,958	1,530,833	1,596,207	2,028,554	1,374,877	894,431	2,756,045	2,775,724	3,997,445	5,754,998	4,297,863	5,531,769	19,582,075	17,855,905
	Grants	1,662,082	1,708,065	2,509,369	2,756,110	3,849,988	3,501,181	12,475,147	5,082,659	4,179,176	5,251,762	5,457,769	5,879,515	10,107,279	21,736,983	10,709,530	48,433,307	29,193,220
	Interest	24,294	50,316	103,537	147,271	98,271	38,726	67,853	39,012	121,407	45,362	5,148	178,147	284,268	228,271	50,509	741,196	669,583
	Transfers to lower spending units	100,337	130,868	116,708	77,953	93,027	172,572	115,621	238,296	131,384	95,081	227,074	347,912	343,552	485,301	322,154	1,498,920	1,939,009
22	Net lending*	0	-3,244	-168	0	-71,663	10,652	0	0	0	-17,850	0	-3,412	-61,011	0	-17,850	-82,273	-646,818
3	**Net acquisition of nonfinancial assets**	**211,190**	**103,184**	**545,138**	**451,789**	**1,143,885**	**503,900**	**815,364**	**1,007,559**	**682,273**	**1,604,692**	**1,342,587**	**859,512**	**2,099,575**	**2,505,196**	**2,947,279**	**8,411,562**	**7,759,630**
4	**Government surplus/deficit** (1-2-3)	**6,006,142**	**4,353,478**	**2,971,880**	**1,863,648**	**4,400,761**	**2,241,749**	**-1,449,654**	**3,690,269**	**4,696,282**	**2,357,920**	**-2,037,859**	**13,331,500**	**8,506,158**	**6,936,897**	**320,061**	**29,094,616**	**33,909,696**
5	**Net financing ****	**-9,145**	**-9,098**	**-42,395**	**-9,098**	**-9,098**	**-29,164**	**-1,673**	**-1,673**	**-25,534**	**-1,673**	**-1,673**	**-60,638**	**-47,360**	**-28,880**	**-3,346**	**-140,224**	**-634,988**

Table 12

Activities of the Unit

(Author: Mirela Kadić)

Sarajevo, February 7th, 2008 – Establishment of Statistics Coordination Group

BiH Ministry of Foreign Trade and Economic Relations with a support from the EU funded project - Developing Trade Policy and Related Capacity in Bosnia and Herzegovina (EU TPP) is working on establishment of trade model, which will help in defining and running BiH foreign trade policy. The aforementioned model requires creation of a database. This was the reason for initiative to establish the Statistics Coordination Group, which should cover all relevant producers and users of statistical data.

First meeting of the Coordination Statistics Group took place in the Ministry of Foreign Trade and Economic Relations and it included: BiH Statistics Agency, Central Bank, Indirect Taxation Authority, Macroeconomic Analysis Unit of the ITA Governing Group, Directorate for Economic Planning, Federal Bureau of Statistics from the Federation of BiH, RS Institute of Statistics and Foreign Trade Commerce. Basic task of this group is to assess current situation on procedures of statistics reporting and what data should they regularly send to the Ministry for the purpose of trade model.. Ms. Carmen Fratita, representative of EU TTP, emphasized importance of coherent trade policy that will be appropriate to conditions of global trade system and adequately recognize BiH comparative advantages. Memorandum of Understanding will be signed at the next meeting of the Statistics Coordination Group. The Group will also discuss report on assessment of preliminary models, which is prepared by EU TTP.

Sarajevo, February 8th, 2008. – Budget Coordination Group started the work on preparation of budgets for 2009

Coordination Group for preparation of budget framework paper and annual budgets in BiH started its activities on preparation of budgets for BiH Institutions, entities and Brcko District for 2009. Coordination group has been active since 2006 and it comprises of Assistant Finance Ministers from the State and Entities, Head of Budget and Finance Department from Brcko District, Director of EPPU and Head of Macroeconomic Analysis Unit as technical support. Since this Group was primarily formed to provide support to more efficient medium term budget planning in BiH with advices and recommendations to the Fiscal Council, it is expected that status and tasks of the Coordination Group will be formalized in passing the Law on Fiscal Council. Fiscal coordination between all levels of administration is a challenge for fiscal authorities and fiscal sustainability of BiH.

Project for Strengthening Public Expenditure Management in BiH (PKF), which is funded by DFID, provides an active support to establishment of BPF Coordination Group. The project also played the key role in establishment of coordination between different levels of authorities in BiH in terms of preparation of budgets for BiH and entities on basis of harmonized budget calendar and common inputs and parameters.