



In accordance with Article 70 of the Law on Value Added Tax (“The Official Gazette of BiH”, nos. 9/05 and 35/05) in relation to Article 14 Paragraph 3 of the Law on Indirect Taxation System in Bosnia and Herzegovina (“The Official Gazette of BiH”, nos. 44/03 and 52/04), the Governing Board of the Indirect Taxation Authority at its 71st session held on 5 December 2006 issued the

**BOOK OF RULES ON AMENDMENTS TO THE BOOK OF RULES ON THE
IMPLEMENTATION OF THE LAW ON VALUE ADDED TAX**

Article 1

In the Book of Rules on the Implementation of the Law on Value Added Tax (“The Official Gazette of BiH” nos. 93/05, 21/06 and 60/06), in Article 7 Paragraph 6, the words “of a movable item” shall be deleted.

Article 2

In Article 38 Paragraph 2 Item b), the word “verified” shall be deleted.

Article 3

In Article 39 Paragraph 2, the words “and services” and “or services” shall be deleted.

Paragraph 3 shall be deleted and the former Paragraph 4 shall become the new Paragraph 3.

Article 4

Article 40 shall be amended to read:

“Article 40 (Export of Goods from BiH)

In order for a supply to be considered an export pursuant to Article 27 Paragraph 1 Items 1, 3 and 7 of the Law, the condition that the good crossed the BiH border must be met.”.

Article 5

In Article 41 in Paragraph 1, the word “verified” shall be deleted.

Article 6

In Article 42 Paragraph 2, the words “approval of the respective Customs authority issued in accordance with the customs regulations“ shall be deleted.

In Article 42, Paragraph 3 shall be deleted.

Article 7

Article 43 shall be amended to read:

“Article 43 (VAT exemption of services performed on certain imported goods)

(1) A taxpayer may exercise the right to the tax exemption referred to in Article 27 Paragraph 1 Item 4 of the Law if the following conditions are met:

1. goods were declared to the Indirect Taxation Authority on their entry to customs territory of Bosnia and Herzegovina;
2. goods have been imported into BiH for the purpose of performing the services;
3. a taxpayer, in accordance with contractual obligations, is providing services on goods to a person who has no seat or permanent or habitual residence in Bosnia and Herzegovina; and
4. goods are dispatched or transported out of BiH by any of the persons from Item 3 of this Paragraph, or by someone acting on behalf of either one of them.

(2) A taxpayer, in order to exercise the tax exemption, must possess commercial documentation from which it can be determined that the conditions for tax exemption are met.

(3) Commercial documentation referred to in Paragraph 2 of this Article shall include statements and copies of commercial documentation of other persons that are involved or in possession of documentation for activities referred to in Paragraph 1 of this Article. Those

other persons are obliged to deliver the documentation concerned at the request of a taxpayer.”.

Article 8

In Article 44 Paragraph 1 Item c), the word “verified” shall be deleted.

Article 9

In Article 54, the title shall be amended to read: “(Conditions for VAT refund in accordance with Article 29 of the Law)“.

In Article 54 Paragraph 1, the words „for VAT taxpayers from BiH that procure goods and supply services within international aid projects“ shall be replaced with the words “for investors procuring goods and services within international aid projects“.

Article 10

Article 70 shall be amended to read:

“Article 70

(Deduction of input tax on services rendered by a person seated abroad)

(1) A taxpayer who uses services of a person seated or residing abroad and is liable to calculate, declare and pay for the VAT on the services received under Article 13 Paragraph 1 Item 3 of the Law shall have the right to deduct such calculated VAT as input tax if the conditions referred to in Article 32 of the Law are met.

(2) The taxpayer referred to in Paragraph 1 of this Article shall have the right to deduct the input tax provided the following conditions are met:

- a) an invoice must be issued by the person seated or residing abroad,
- b) a taxpayer – service recipient must enter the amount of calculated VAT in the received invoice, and
- c) VAT must be declared as a consisting element of the amount of output tax declared on the VAT return of the taxpayer – service recipient.”.

Article 11

Article 77 shall be amended to read:

“Article 77

(Deduction of input tax on the commencement of performance of taxable activities)

(1) Any person registered as a VAT taxpayer shall be entitled to deduction of input tax on goods in stock which were acquired or imported prior to VAT registration in proportion to their sale after the person had become a registered VAT taxpayer.

(2) Proportional deduction in the context of Article 37 of the Law, as well as this Article, shall mean that the deduction under Paragraph 1 of this Article cannot exceed the amount of usual tax liability in a given tax period. Usual tax liability is the difference between the output tax and the input tax deductible for the given tax period. If it happens that the amount from Paragraph 1 of this Article exceeds the usual tax liability, it shall be carried forward to subsequent tax periods.

(3) Having become a VAT taxpayer, a person is obliged to provide for separate records on the sale of goods from Paragraph 1 of this Article.

(4) VAT can be deducted in accordance to Paragraph 1 of this Article provided that goods in stock were:

- a) supplied by a registered VAT taxpayer to or imported by a person becoming a registered VAT taxpayer
- b) supplied or imported no longer than 1 (one) year before the person became a registered VAT taxpayer.

(5) Persons from Paragraph 1 of this Article shall provide to the ITA a list of goods in stock meeting the conditions from Paragraph 4 of this Article, and the list shall contain minimum information on:

- a) type,
- b) quantities,
- c) purchase prices,
- d) VAT calculated by the supplier,
- e) suppliers, including the numbers and dates of the invoices per which the goods were procured.

(6) Notwithstanding Paragraph 5 under (d) and (e), in cases of goods in stock imported by a person becoming a registered VAT taxpayer, the list should provide for the information on calculated VAT at import, as well as the numbers and dates of the single administrative documents.

(7) A person registering as a VAT taxpayer shall not be entitled to deduct input tax on any other supplies other than those defined in Paragraph 1 of this Article.”.

Article 12

In Article 78, after Paragraph 2, a new paragraph shall be added to read:

“The VAT Return Completion Instruction shall be a component part of this Book of Rules.”.

The former Paragraph 3 shall become Paragraph 4.

Article 13

In Article 100 Paragraph 1 Item a), after the word „passport“, the following words shall be added “or other identification document that is used for crossing BiH border based on an inter-state agreement“.

Article 14

The VAT Return Completion Instruction replacing the VAT Return Instruction which was published as a component part of the Book of Rules on the Implementation of the Law on Value Added Tax (“The Official Gazette of BiH”, no. 93/05) shall be a component part of this Book of Rules.

Article 15

This Book of Rules shall enter into force on the day following that of its publication in “The Official Gazette of BiH”.

No. 18-11-119/06
14 December 2006
Chairman of the Governing Board
Peter Nicholl