

# OFFICIAL GAZETTE OF BOSNIA AND HERZEGOVINA

Edition in Serbian, Bosnian and Croatian Language

Year IX, No. 93, Friday, 30<sup>th</sup> December 2005

ISSN 1512-7508 – Serbian language

ISSN 1512-7486 – Bosnian language

ISSN 1512-7494 – Croatian language

## INDIRECT TAXATION AUTHORITY OF BOSNIA AND HERZEGOVINA

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On the basis of Article 70 of the Law on Value Added Tax in Bosnia and Herzegovina (“Official Gazette of BiH”, No. 9/05 and 35/05), in relation to Article 14 paragraph 3 of the Law on Indirect Taxation System in Bosnia and Herzegovina (“Official Gazette of Bosnia and Herzegovina”, No. 44/03 and 52/04), the Indirect Taxation Authority Governing Board, at its 50<sup>th</sup> session held on 12/12/2005 issued the following

### **BOOK OF RULES ON THE IMPLEMENTATION OF THE LAW ON VALUE ADDED TAX**

#### I GENERAL PROVISIONS

##### Article 1

##### **Subject of Book of Rules**

(1) This Book of Rules shall more closely provide for the manner of the implementation of the Law on Value Added Tax (hereinafter: Law).

#### II SUBJECT OF TAXATION

##### Article 2

##### **Subject of Taxation**

(1) The subject of taxation with the value added tax (hereinafter: VAT) shall be any supply of goods or services carried out in the territory of Bosnia and Herzegovina (hereinafter: BiH) for consideration, one’s own consumption, bringing of goods into the customs territory of Bosnia and Herzegovina and the supply of goods and services to taxpayers and their representatives, as well as to other consignees, for consideration, without consideration or under more favourable conditions, if other conditions laid down in the Law have been met.

#### III SUPPLY OF GOODS AND SERVICES

##### Article 3

##### **Supply of Goods**

(1) With the supply of goods, the transfer of the right to dispose of goods to the person who may dispose of these goods as their owner shall be enabled.

(2) Goods shall be deemed to be items, groups of items and economic goods which shall be deemed as goods during their supply, such as are: electric power, heating energy, gas, heating, cooling and the like.

#### Article 4

#### **Supply on the Basis of a State Authority's Decision**

(1) Where the authority laid down by law sells certain goods in the enforcement procedure, it shall not be deemed that the supply has taken place between the debtor and the enforcement authority, but rather directly between the debtor and the buyer.

#### Article 5

#### **Commission on Sale or Purchase of Goods in Sales in Someone Else's Name and for Someone Else's Account**

(1) On supply of goods under contracts based on which commission is to be paid in sales, such as are contracts on brokerage and contracts on trade representation, shall be the sale in someone else's name and for someone else's account. As distinct from the commission sale, a broker shall calculate and pay VAT on his commission and the owner of goods, that is, the person in whose name and for whose account the broker carries out sale, shall calculate and pay VAT on the total sale value. The broker, that is, representative shall separately issue a bill for his service in which he shall indicate a fee for the service rendered and calculate VAT on the value of the service of brokering, that is, representation. The VAT calculated on the broker or representative's commission shall be an input tax for the owner of goods.

#### Article 6

#### **Supply of Goods in One's Own Name and for Someone Else's Account (Commission Sale)**

(1) In the case of commission sale, the following transactions shall be deemed as supply of goods:

- transfer (supply) of goods by the owner (client) to a broker,
- transfer of goods to a consignee by a commission agent.

(2) The obligation to calculate and pay VAT shall arise for the commission agent upon the expiration of the accounting period in which goods were sold and in which an invoice was made out to the buyer.

(3) The obligation to calculate and pay VAT shall arise for the client upon the expiration of the accounting period in which he received a commission agent's calculation on sale of goods.

#### Article 7

#### **Hiring Out**

(1) The supply of goods on the basis of a contract of hire for a certain period of time, which provides that the right of ownership shall be transferred no later than the expiration of the contract period, shall be financial leasing.

(2) Where financial leasing is in question, in which the right to buy off the subject of the leasing has been contracted, the leasing grantor shall calculate VAT on the base

constituted of the amount of the fee the taxpayer receives, or should receive, for handing over the subject of the leasing to the leasing receiver.

(3) In financial leasing a tax liability shall be incurred upon the expiration of the tax period in which goods were supplied.

(4) If the provisions of a leasing contract are not fully complied with, that is, if the contract is broken before the ownership is transferred, the leasing grantor shall have the right to correct the VAT liability, provided that the goods are returned to the leasing grantor.

(5) The correction shall be made proportionally to the duration of leasing, in the tax period in which the binding relation ends.

(6) Where a leasing contract does not stipulate that the right to dispose of goods be transferred from the leasing grantor to the leasing receiver, that is, where the buying off of the goods that are the subject of the leasing has not been contracted, VAT shall be paid on each contracted instalment, given that the leasing of a movable item is in question in this case.

#### Article 8

#### **Notion of Newly Built Construction Objects**

(1) Newly built construction objects shall, within the meaning of Article 4, paragraph 3, item 4 of the Law, be deemed to be the objects that have not been used for the purpose they were built for and which have not been the subject of transfer of the right of disposal.

(2) Economically divisible unities (apartment, business premise, garage etc.) shall be deemed to be the parts of the newly built construction objects referred to in paragraph 1 of this Article, which are supplied as a separate unity and for which special commission is negotiated.

#### Article 9

#### **Supply in Case of Liquidation and Bankruptcy**

(1) The transfer of business assets in the liquidation procedure shall be taxable unless the transfer is included in Article 7 paragraph 2 of the Law.

(2) The transfer of goods to members or owners of an association following the completion of the liquidation procedure shall be subject to taxation.

(3) The transfer of business assets in the bankruptcy procedure shall, unless the transfer is included in Article 7 paragraph 2 of the Law, be subject to taxation and the taxpayer over whom the bankruptcy procedure is being conducted shall be a tax debtor.

#### Article 10

#### **Exchange**

(1) If on supply of goods consideration is not a monetary one, but is made through supply of other goods or services, then exchange shall be in question.

(2) On exchange, the supply shall be subject to taxation on both sides, i.e. at each supplier.

#### Article 11

#### **Deficit**

(1) In addition to the use of goods for the non-business purposes referred to in Article 5, paragraph 1 of the Law, the use of the goods for non-business purposes shall be also deemed to be the deficit of goods.

(2) The deficits of goods the responsible person is not charged with shall be deemed to be taxpayer's personal consumption for non-business purposes and shall be subject to taxation.

(3) Exceptionally, expenditures incurred as a result of ullage, spillage, breakage and defect up to the prescribed amount, as well as the deficit of goods which may be justified by force majeure, shall not be subject to taxation.

(4) The amount of allowed deficit in ullage, spillage, breakage and defect shall be set in the Standards for Determining Expenditures on which no VAT Shall Be Paid, which shall be an integral part of this Book of Rules.

(5) For those goods that are not covered by the Standards for Expenditures, the amount of expenditures shall be set in accordance with taxpayer's standards.

(6) Force majeure shall be taken to include the deficit of goods incurred as a result of natural disasters (flood, fire, earthquake, war destructions and the like), on the basis of an enactment issued by the responsible authority.

(7) The VAT taxpayer shall assess expenditures immediately after incurring the expenditures concerned or through a regular or extraordinary inventory of goods in a warehouse, storage place, depot, shop or other similar facility.

(8) Expenditures shall be established by an authorized person or a taxpayer's inventory commission and it shall be mandatory to make a report and inventory list on the performed inventory.

(9) No VAT shall be paid on expenditures incurred as a result of the expiration of the shelf-life of goods, provided that the expiry date has been impressed on the packaging material of the product or is in other ways set by the manufacturer and that a Sanitary Inspectorate representative is present during the destruction of the said goods.

## Article 12

### **Giving of Business Samples**

(1) Normal quantity of business samples shall, within the meaning of Article 5, paragraph 2, item 1 of the Law, be deemed to be the goods that are not intended for sale and which are the result of the taxpayer's business operation or which are directly related with the performance of his business activity, regardless of whether or not the taxpayer's logo is impressed on them.

(2) Goods given as business samples must be marked as such and if they cannot be marked as business samples, they must be in a form and package different from the form and package of these goods when intended for sale.

## Article 13

### **Giving of Gifts of Low Value**

(1) Gifts of lower value shall, within the meaning of Article 5, paragraph 2, item 2 of the Law, be deemed to be goods of individual market value lower than KM 20.00 without included VAT, which the taxpayer occasionally gives to different persons (business partners, business partner's representatives and the like) without a legal obligation to do this.

(2) Business partners shall be deemed to be the persons with whom the taxpayer has a business relationship or it is expected that such a relationship will be established.

(3) Occasional giving of gifts shall be deemed to be the giving of maximum one gift to the same person in a tax period.

#### Article 14

### **Placing for Personal Use of the Goods that the Taxpayer Produces, Constructs, Processes, Buys or Imports within His Activities**

(1) The supply of goods shall be also deemed to be the placing for personal use of the goods that the taxpayer produces, constructs, processes, buys or imports within his activities.

(2) By taking such goods for his personal use for non-business purposes, the taxpayer himself becomes a participant in the manufacturing-supplying chain and such a supply (internal supply) shall be treated as a taxable supply.

(3) For such a supply the taxpayer shall be obliged to make an internal tax invoice which shall contain the elements of an invoice issued for the sale of goods to another taxpayer.

#### Article 15

### **Transfer of Taxpayer's Property**

(1) The transfer of the taxpayer's entire property or a part of it in compliance with Article 7, paragraph 2 shall not be deemed to be supply of goods if the following conditions are cumulatively met:

- a) that it constitutes a separate economic business operator,
- b) that the acquirer is a taxpayer or that he becomes a taxpayer by this acquisition,
- c) that he continues to perform the same activity,
- d) that the buyer has or will get the same rate for the deduction of input tax which the seller had.

#### Article 16

### **Transfer of Taxpayer's Assets in Case of Death**

(1) The transfer of property rights from the testator to one or more successors in the case of the continuation of an economic activity shall not be subject to taxation.

(2) The retaining of goods following the discontinuation of the economic activity or the cessation of the registration, and for which the input tax has been fully or partially deducted, shall be liable to taxation.

#### Article 17

### **Supply of Services**

(1) All supplies carried out within the performance of an economic activity, which are not deemed as supplies of goods, shall be deemed as supplies of services and shall be subject to the calculation of VAT, except in those cases which are separately regulated in Articles 24 through 30 of the Law.

(2) If a single supply simultaneously has the characteristics of the supply of goods and supply of services, the characteristics essential for the classification shall be those that show the actual contents of the supply, taking into account the will of the contracting parties.

(3) Where goods are to be repaired in order to establish whether the supply of goods or services is in question, the share, in the total consideration, of the material purchased by the taxpayer carrying out the repair shall be essential. If the share in the consideration related to the material exceeds 50% of the total amount of consideration for repair, then it shall be the supply of goods and not the rendered service.

(4) The undergoing of an activity, restraining from the activity and ceding of a right shall be services in terms of VAT. 'Undergoing of an activity' shall be deemed to be, amongst other things, a permission to use movable and immovable items, patents and other invention rights.

(5) If on supply of services the consideration is not a monetary one, but is made through supply of goods or services, exchange shall be in question.

(6) On exchange, the supply shall be subject to taxation on both sides, i.e. at each supplier.

#### Article 18

### **Inward Processing (Working, Processing, Finishing) and Manufacturing**

(1) If a placer of order gives to a manufacturer material for working, processing, finishing or manufacturing of a particular product, such a supply shall not be taxable as the placer of order still retains the right of disposal as the owner of that material.

(2) If following the processing by-products or waste material exceeding 5% of the value of the supply, which should have been returned to the placer of order, remain with the manufacturer referred to in paragraph 1 of this Article, then this shall be supply of goods to the manufacturer by the placer of order, on which VAT must be separately calculated.

(3) If the placer of order referred to in paragraph 1 of this Article supplies material, parts or components to the manufacturer and in this process does not retain the right to dispose of them as the owner, but with these supplies pays for manufacturers' supplies, that is, counter-supplies, then taxable supplies, that is, exchange shall be in question.

#### Article 19

### **Use of Services for Non-Business Purposes**

(1) The use of the goods that form a part of business assets for the taxpayer's non-business use, where it is possible to wholly or partially deduct VAT on such goods, shall be deemed to be a supply of services.

(2) For such a supply the taxpayer shall be required to make an internal tax invoice, which shall contain those elements which a received tax invoice would have contained if the same services had been supplied to him by another VAT taxpayer.

## IV PLACE OF TAXATION

#### Article 20

### **Place of Taxation in Case of Supply of Goods**

(1) In the case of supply of goods the place of supply shall be deemed to be in BiH if the goods are located in BiH at the moment of supply. If the goods have been dispatched, then BiH shall be deemed to be the place of supply if the goods were located in BiH at the beginning of the dispatch.

(2) If these are the goods that are to be assembled, installed or constructed, BiH shall be deemed to be the place of supply if this is the place where the supplier sets them up or where someone else sets them up in his name.

Article 21  
**Place of Taxation in Case of Supply of Services**

(1) BiH shall be deemed to be the place of supply of services if the place of supply of a service is where the seat, that is, permanent residence or normal place of residence of the person supplying services is, unless otherwise provided for by the Law or this Book of Rules. The same shall apply if the service is supplied by an operational unit of a foreign company located in BiH.

(2) Article 15, paragraph 2 of the Law provides for exemptions from the general principle.

(3) In the case of services related to real estate, including renting or lease, the place of supply shall be deemed to be the place where the real estate is located. The services related to real estate shall include the following groups of services:

- a) services supplied by means of real estate (e.g. renting of houses, apartments and rooms for a period shorter than 60 days, hotel rooms, apartments, land – e.g. parking areas, renting of tennis courts, bowling alleys, maintenance of the heating system and elevators, preservation of green surfaces, cleaning of buildings, renting of exhibition surfaces in fairs, construction of exhibition stands),
- b) services supplied on real estate shall include the services which serve for direct arranging of the real estate (e.g. geodetic works), services serving for preparation of construction works (e.g. services of architects, civil engineers, structural engineers), carrying out of construction works, expert assessment of the real estate, engineering services,
- c) services supplied in relation with the purchase and sale of the real estate (e.g. services by barristers and brokers on purchase/sale of real estate)

(4) In the case of transportation services, BiH shall be the place of supply of the service if the whole route along which the transportation is carried out is in BiH:

- a) if the service of transportation of passengers is not supplied only in BiH, then the part of the route within BiH shall be subject to taxation and the part of the route abroad shall not be subject to taxation under the provisions of the Law. In this case the transportation service should be divided, proportionally to the number of kilometres covered, into the part of transportation in BiH, which is to be taxed, and the part of transportation abroad, which is not subject to taxation,
- b) if services of transportation of goods for export are in question, then, pursuant to the provision of Article 27, paragraph 1, item 2 of the Law, the services of transportation supplied on the part of the route in BiH shall also be exempt from taxation (they shall be taxed with zero rate),
- c) if services of transportation of import goods are in question, then, pursuant to the provision of Article 26, paragraph 1, item 7 of the Law, the services of transportation supplied on the part of the route in BiH shall also be exempt from taxation,
- d) in the case of trans-border maritime, river and air transportation of passengers and goods, the part of the route within BiH shall not be determined.

(5) The place of supply of services shall be BiH if it is the place where the service has been actually supplied:

- a) in the case of artistic (e.g. opera, actor's, singer's services), scientific (e.g. scientific lectures and provision of opinions, but not symposiums by the placer of order), teaching (e.g. instruction services, organisation of trainings), sport (e.g. tennis, diving), entertainment or similar services (e.g. film shows, dancing events) and the services of organising them;
- b) in the case of auxiliary services in transportation, such as: loading, unloading, storing and other services related with the transportation and shipping,

c) in the case of services carried out on movable goods, including the services of providing expert opinion, assessment and evaluation of these goods.

(6) It shall be determined that the supply of services has taken place in BiH if the seat of the receiver of the service or his permanent address or the address of his normal place of residence is there, for the following types of services:

- a) in the case of the services of transfer, ceding and use of copyrights, patents, licences, trade marks and similar rights (e.g. granting of a licence, transfer of artists' and writers' copyrights);
- b) advertising services, including the services of brokering in these services (e.g. the services of publishing advertisements in newspapers);
- c) services of engineers, barristers, auditors, accountants, interpreters, translators and other advisory services;
- d) services of electronic data processing;
- e) banking, financial services and services from the field of insurance and reinsurance, except for renting safes;
- f) ceding of personnel;
- g) telecommunication services;
- h) renting of movable goods (e.g. construction cranes), except for means of transportation;
- i) all brokering services in relation to the services referred to in this paragraph.

(7) When supplying the services referred to in Article 15, paragraph 2, items 4 and 5 of the Law, in the cases the receiver of the service is not a taxpayer in the territory of BiH, that is, that he does not have a normal place of residence in BiH, the supplier of the service shall, for the purpose of proving that the service is being supplied to a foreign national with a view to acquiring conditions for exemption from the obligation to calculate VAT, be required to take from the receiver of the service the name, surname, address and passport No. for a physical person and for a legal person - a certificate of taxpayer's registration.

## V TAX BASE

### Article 22

#### **Tax Base Assessment**

(1) Where goods are taken for personal use (non-business purpose), the taxpayer shall assess the tax base in such a manner that he shall evaluate the goods according to their market value at the time of their supply, without included VAT, which the taxpayer would have collected from the buyer if he had sold them.

(2) The tax base for the calculation of VAT for the use of self-produced goods for a private purpose (non-business purpose) and for the retention of goods following the discontinuation of the operation shall be the market value of the taken goods at the moment of taking them, at the moment of the use of the goods whose purpose has been changed or at the moment of the discontinuation of the taxpayer's operation, without included VAT.

(3) Where the taking of goods produced in companies is concerned, the market value shall be deemed to be the personal expenditure as assessed under accounting regulations.

(4) In the case of supplying services for private purposes, the tax base shall be constituted of the amount which would have been collected if the same service had been supplied to third persons.

(5) If fixed assets are taken for personal use by individuals or groups without consideration, the tax base shall be the value of these assets at the moment of their taking, which is shown in the taxpayer's books, provided that the tax base may not be lower than the market value at the moment of the supply of assets.



(6) Where fixed assets are wholly depreciated, the market value of the fixed assets at the time of their supply shall be taken as the base for the calculation of VAT.

(7) 'Interest' in the sense of Article 20, Paragraph 10, item 3 of the Law shall be taken to include the amount of interest calculated at the prescribed rate for unduly payment from creditor-debtor relations.

(8) Dependant costs which, pursuant to Article 21, paragraph 2, item 2 of the Law, shall be included in the VAT tax base on importation of goods, besides the type of costs listed in this provision shall also include (e.g. costs of forwarding agents, terminals, accommodation, customs clearance fees and the like). Administrative dues and fees to inspectorates and other public authorities exercising executive power shall not be included into the VAT tax base on import.

## VI TAX RATE

### Article 23 Standard Tax Rate

(1) VAT shall be paid at the standard rate of 17% on the tax base.

(2) Where tax is calculated on the tax base which includes VAT, VAT shall be calculated at a recalculated rate. The recalculated rate shall be calculated in the following manner:

$$\text{RECALCULATED VAT RATE} = \frac{\text{VAT RATE} \times 100}{100 + \text{VAT RATE}}$$

$$\text{RECALCULATED VAT RATE} = \frac{17 \times 100}{100 + 17} = 14.5299$$

## VII VAT EXEMPTION FOR SUPPLY OF GOODS AND SERVICES WITHOUT THE RIGHT TO INPUT TAX DEDUCTION

### Article 24 Public Postal Services

(1) The tax exemption referred to in Article 24, paragraph 1, item 1 of the Law shall refer to public postal services. 'Public postal services' shall be taken to include all the services carried out by public postal operators in compliance with the Law on Postal Service in Bosnia and Herzegovina.

### Article 25 Medical Services and Health Care Services

(1) The tax exemption referred to in Article 24, paragraph 1, item 2 of the Law shall refer to preventative, diagnostic-therapeutic and rehabilitation services rendered by medical centres, hospitals, institutes, health care institutes, clinics, health centres, clinical – hospital centres and clinical centres in accordance with the regulations governing the health care field.

(2) The tax exemption referred to in the mentioned Article of the Law shall also refer to the accommodation, care and nutrition of patients in these institutions, irrespective of whether these institutions are profit oriented.

(3) Services supplied by medical doctors, dentists, nurses and physiotherapists shall be exempt from VAT if they supply such services in their private practice.

(4) 'Health care', within the meaning of the provisions of Article 24, paragraph 1, item 2 of the Law, shall not be deemed to be:

- a) medical examinations for the purpose of establishing health condition, bodily impairments and disability in the procedures carried out at other authorities and organisations, except for examinations under doctor's referral slips, that is, health committee referral slips,
- b) medical checkups for the purpose of enrolling in secondary schools and schools of further education, faculties and courses, obtaining a driving licence, for court and other lawsuits and in other cases when medical checkups are not carried out for the purpose of health care,
- c) medical checkups of employees sent to work abroad by organisations, as well as measures of preventive medical care for private trips abroad and medical checkups for such trips.

#### Article 26 **Social Security Services**

(1) The tax exemption referred to in Article 24, paragraph 1, item 3 of the Law shall refer to the services supplied by social welfare institutions: Centres for Social Work, shelters and day care and home care institutions in accordance with the regulations on social protection and social safety of citizens;

(2) The supply of goods and services that is directly connected with the services referred to in paragraph 1 of this Article shall refer to the delivery of food, drinks, medicaments and similar supply of goods and services in these institutions.

#### Article 27 **Services of Education**

(1) The tax exemption referred to in Article 24, paragraph 1, item 4 of the Law shall refer to the following services:

- a) education (primary, secondary, higher and university) and professional retraining provided by persons registered for carrying out these activities in accordance with the regulations governing this field.
- b) accommodation and nutrition of pupils and students in boarding schools and pupil and student's homes or similar institutions, as well as to them directly related supply of goods and services provided by persons registered for carrying out these activities.

#### Article 28 **Services in the Field of Sport, Services Carried out by Religious, Political, Humanitarian, Union, Charitable Organisations, Organisations for Disabled Persons or Similar Organisations**

(1) The tax exemption referred to in Article 24, paragraph 1, item 5 of the Law shall refer to services in the field of sport and physical education only if these services are supplied to individuals by the persons whose activity is not profit orientated.

(2) Pursuant to Article 24, item 6, medical and health care services, social security services and services of education by religious organisations and philosophical associations shall be exempt from VAT.

(3) The tax exemption referred to in Article 24, paragraph 1, item 7 of the Law shall refer to religious services and supplies of goods by religious organisations if they are performed to meet religious needs in compliance with the regulations governing the performance these activities.

(4) The tax exemption referred to in Article 24, paragraph 1, item 8 of the Law shall refer to the services supplied by political, trade union, humanitarian, charitable, disability and similar organisations in compliance with the regulations governing these activities.

#### Article 29

#### **Services in the Field of Culture**

(1) The tax exemption referred to in Article 24, paragraph 1, item 9 of the Law shall refer to the services from the field of culture supplied by persons registered for carrying out this activity in compliance with the regulations governing the field of culture, as well as to them directly related supply of goods and services, by persons whose activity is not profit oriented, and which are deemed to be: theatre and music activity, museum and gallery activity, archive activity, library activity, activity of preservation of cultural goods, activity of the preservation of historical monuments.

#### Article 30

#### **Supply of Goods and Services by Persons in the Field of Health and Culture**

(1) The tax exemption referred to in Article 24, paragraph 1, item 10 of the Law shall refer to the supply of goods and services carried out by medical and health care institutions, as well as institutions in the field of culture, exclusively for their own purposes.

#### Article 31

#### **Services of Public Radio and Television Services**

(1) The tax exemption referred to in Article 24, paragraph 1, item 11 of the Law shall refer to services of public radio and television broadcasting services which are carried out in compliance with the regulations governing the supply of these services.

(2) Broadcasting services:

- a) production and broadcasting of economic-propaganda programme (commercials),
  - b) production and sale of audio-visual programmes (shows, films, series, sound carriers etc.),
  - c) production of other programme services (teletext etc.),
  - d) organisation of concerts and other events,
  - e) carrying out of other activities as laid down in the Statute,
- shall not be the subject of exemption in compliance with the provisions of Article 24, paragraph 1, item 11 of the Law and VAT shall be paid on the mentioned services.

## Article 32

### **Services of Insurance and Re-Insurance**

(1) The tax exemption referred to in Article 25, paragraph 1, item 1 of the Law shall refer to the services of insurance and re-insurance if they are carried out in compliance with the regulations governing the performance of these activities.

## Article 33

### **Supply of Real Estate**

(1) The tax exemption referred to in Article 25, paragraph 1, item 2 of the Law shall refer to any further supply of real estate and parts of the real estate, after the first sale of newly built real estate. The notion of newly built real estate is regulated in the provisions of Article 8 of this Book of Rules.

## Article 34

### **Services of Giving Real Estate on Lease and Sub-Lease**

(1) The tax exemption referred to in Article 25, paragraph 1, item 3 of the Law shall only refer to giving real estate and the parts of the real estate on lease for dwelling purposes.

(2) The giving of real estate and the parts of the real estate on lease for any purposes other than dwelling shall be taxable with VAT.

## Article 35

### **Financial Services**

(1) The financial services referred to in Article 25, paragraph 1, item 4 of the Law shall be deemed to be the services supplied by persons in compliance with special regulations (e.g. banks, post offices, insurance companies, brokerage houses, savings' institutions, exchange offices, investment funds, micro-credit organisations, banking and deposit insurance agencies, insurance agencies and other persons). The financial services shall also include broker's accompanying services, but only if these services have the characteristics of a financial service to the benefit of the final recipient of the financial service.

(2) The tax exemption referred to in Article 25, item 4 under c) of the Law shall refer to transactions, including securities, notes and coins which represent legal tender of any country. If the coins and the notes are purchased or sold at the value higher than their nominal value, then such supplies shall be liable to taxation.

## Article 36

### **Services Related to Games of Chance**

(1) The tax exemption referred to in Article 25, paragraph 1, item 7 of the Law shall refer to the supply of services that are related to the activity of organising games of chance in compliance with the regulations governing the games of chance.

(2) The tax exemption referred to in paragraph 1 of this Article shall pertain to the organisers of games of chance that have an authorisation from the responsible authority.

Article 37  
**Importation of Goods**

(1) The importation of goods shall be any bringing of goods into the customs territory of BiH.

(2) Importer shall be the person indicated as consignee in a single administrative document, field 8 thereof.

Article 38  
**Services Related to Import of Goods into BiH**

(1) A taxpayer may exercise the tax exemption referred to in Article 26, paragraph 1, item 7 of the Law for transportation and other services related to the importation of goods (loading, unloading, reloading, warehousing, and the like) if he has evidence that the value of these services is contained in the base for the calculation of VAT on importation of goods.

(2) The evidence referred to in paragraph 1 of this Article shall be:

- a) a document on the type of service and the amount of incidental expenses (contract, invoice, bill of lading or transportation document),
- b) a verified copy of import customs declaration issued in compliance with customs regulations, on the basis of which it can be established that the incidental expenses have been included into the base for the calculation of VAT on importation of goods.

**VIII EXEMPTION FROM VAT ON SUPPLY OF GOODS AND SERVICES WITH THE RIGHT TO DEDUCT INPUT TAX (ZERO RATE TAXATION)**

Article 39  
**Exportation of Goods from BiH**

(1) The tax exemption (zero rate) referred to in Article 27, paragraph 1, item 1 of the Law shall refer to the exportation of goods from BiH.

(2) Exportation of goods and services shall be deemed to be the direct supply of goods or services to a buyer abroad, i.e. outside the customs territory of BiH.

(3) Exporter shall be the person that is indicated in a single administrative document, field 2 thereof, as an exporter.

(4) A foreign buyer shall be any economic operator who has seat, i.e. place of residence outside the territory of Bosnia and Herzegovina. A business unit of a domestic legal entity abroad shall also be deemed a foreign buyer. A business unit of a foreign person in Bosnia and Herzegovina shall not be deemed a foreign buyer.

Article 40  
**Conditions for Export of Goods from BiH**

(1) In order for a supply to be deemed exportation in compliance with Article 27 of the Law, the following conditions must be met:

- a) that goods have crossed the BiH border,
- b) if the collection of outstanding liabilities for performed exportation is not carried out within 180 days, then it shall not be deemed that the transaction with a foreign country has taken place, but that the supply has been carried out within BiH borders.

#### Article 41

### **Right to Tax Exemption on Exportation of Goods from BiH**

(1) A taxpayer may exercise the right to the tax exemption referred to in Article 27, paragraph 1, item 1, if he holds an exportation declaration, i.e. a verified copy of the export declaration on performed exportation of goods, issued in compliance with customs regulations.

(2) If periodical declaring of export goods has been granted in compliance with the customs regulations, a taxpayer may exercise the right to tax exemption referred to in paragraph 1 of this Article until the exportation declaration is issued if he holds invoices or bills of lading certified by a responsible customs authority.

#### Article 42

### **Exportation of Goods from BiH by Mail**

(1) Where goods are sent abroad by mail or express mail, a taxpayer may exercise the right to tax exemption referred to in Article 27, paragraph 1, item 1 of the Law if he holds an exportation declaration issued in compliance with customs regulations.

(2) Where goods are sent abroad by mail or express mail without an exportation declaration being submitted, a taxpayer may exercise the right to tax exemption if he holds a postal delivery order, an approval of the responsible customs authority issued in compliance with customs regulations and a transportation document on the basis of which it can be established that the goods were sent abroad by mail or express mail.

(3) The approval referred to in paragraph 2 of this Article shall include the following data:

- a) name and address, i.e. the company name and its seat, as well as the taxpayer's (exporter's) single identification number - SIN,
- b) standard commercial description, quantity and value of goods,
- c) place and date when the goods were sent abroad,
- d) name and address, i.e. the company of the consignee of goods abroad
- e) signature and stamp of the responsible customs authority that issued the approval.

#### Article 43

### **Time Limit for Collection of Outstanding Liabilities on Export**

(1) If within a period of 180 days exportation charges have not been collected, the liability to calculate and pay VAT shall be incurred in the accounting period when the deadline for collection has expired. The calculation shall be made by the exporter, who is a taxpayer, and interest shall be calculated as of the date when the exportation was carried out.

(2) If the exporter collects charges for an export supply of goods after the deadline referred to in paragraph 1 of this Article, he shall have the right to refund the paid VAT in the accounting period in which it was collected. Collection shall be also taken to include offsetting.

#### Article 44

### **Final Export of Goods from BiH**

(1) A taxpayer may exercise the right to tax exemption referred to in Article 27, paragraph 1, item 2 of the Law for transportation and other services which are directly related to exportation of goods, if he holds:

- a) a document on the basis of which the transportation service is being supplied, i.e. a document on the type of the service and the amount of incidental expenses (contract, invoice, etc.),
- b) a document on the supplied transportation service,
- c) original or a verified copy of exportation declaration for goods being transported abroad, issued in compliance with customs regulations.

(2) Transportation services (road, railway, maritime/river and air traffic) shall be exempt from VAT on transport of goods to be exported abroad and for the part of the route that is within the territory of BiH.

#### Article 45

##### **Services of Supply of Goods to Authorised Organisations that Export These Goods within Registered Humanitarian and Charitable Activities**

(1) A taxpayer may exercise the right to the tax exemption referred to in Article 27, paragraph 1, item 5 of the Law for transportation and other services which are directly related to the exportation of goods of authorised organisations registered with responsible Ministries for humanitarian or charity activities, under the following conditions:

- a) that he holds a document on the basis of which the transportation service is being supplied, i.e. a document on the type of the service and the amount of incidental expenses (contract, invoice and the like)
- b) a document on supplied service (CMR, CIM, and similar)
- c) original or a verified copy of exportation customs declaration issued in compliance with the Customs Policy Law.

#### Article 46

##### **Supply of Services Rendered by Representatives and other Brokers**

(1) The rights referred to in Article 27, paragraph 1, item 6 of the Law shall be exercised upon meeting the following conditions:

- a) that a taxpayer holds a contract on supply of brokering services in someone else's name and for someone else's account,
- b) that the taxpayer holds an invoice on supplied services in which VAT is not shown,
- c) that the taxpayer holds an exportation customs declaration in compliance with customs regulations on operations carried out in someone else's name and for someone else's account,
- d) that the taxpayer holds evidence on rendered payment in compliance with the regulations on foreign exchange transactions.

#### Article 47

##### **Conditions for Tax Exemption on Supply of Vessels with Fuel and other Goods in International Transportation**

(1) A taxpayer may exercise the right to the tax exemption referred to in Article 28 of the Law, if he holds:

- a) a document on supply of goods and services (contract, invoice, etc.)
- b) a statement by the owner-user of a vessel or aircraft that rented or bought means will be predominantly used in international transportation.

(2) 'Predominant use of vessels and aircrafts in international transportation' means that in 80% cases vessels and aircrafts are used for supply of international transportation services within six months before the tax period for which a tax return is submitted.

#### Article 48

### **Procedure for Exempting Supplies of Goods and Services for the Purposes of International Transportation**

(1) 'Supply of vessels and aircrafts with fuel and other goods' shall, within the meaning of Article 28 of the Law, be taken to include the supply of fuel and lubricants, food, drinks, newspapers and goods intended for sale on board vessels and aircrafts, etc.

(2) For the supply of goods referred to in paragraph 1 of this Article, a taxpayer shall be obliged to ensure evidence in compliance with the regulation governing the customs approved treatment of customs goods, release of customs goods and collection of customs debts, as follows:

- a) a customs declaration for re-exportation of foreign goods and concluded accounting lists for sales on vessels and aircrafts in compliance with customs regulations, for foreign goods sold to passengers on board vessels and aircrafts in the international air traffic.
- b) an exportation customs declaration and a specification of sold goods made on the basis of accounting lists on sales on vessels and aircrafts in accordance with the customs regulations on domestic goods sold to passengers on board aircrafts in the international air traffic.
- c) a customs declaration for re-exportation and the delivery notes for sold foreign fuel and lubricants.
- d) an export customs declaration and delivery notes for sold domestic fuel and lubricants.
- e) supply lists for aircrafts and vessels on international lines, i.e. a monthly report on consumed goods, certified by the responsible customs authority, in accordance with the customs regulations for domestic goods (food, drinks...) which are served to passengers on board aircrafts and vessels on international lines.

#### Article 49

### **Services Supplied for the Purpose of Meeting Immediate Needs of Vessels**

(1) The supply of services intended to meet the immediate needs of vessels referred to in Article 28, paragraph 1, item 5 of the Law shall be deemed to be harbour services, services of towing and mooring of ships, unloading, loading and reloading services, etc.

#### Article 50

### **Services Supplied for the Purpose of Meeting Immediate Needs of Airlines**

(1) The supply of services intended for meeting immediate needs of aircrafts referred to in Article 28, paragraph 1, item 6 of the Law shall be deemed to be the services of landing, taking-off, reception and despatch of aircrafts, passengers, luggage and goods, parking of aircrafts, de-icing and protection from icing, cooling, heating etc.

#### Article 51

### **Supply of Goods and Services under International Treaties**

(1) Supply of goods and services rendered on the basis of international treaties shall not be taxable if so regulated by the international treaties the signatory of which is BiH.



(2) The special form for exemption from VAT ('PDV-MU1' form) in one of the official languages of BiH and in the English language shall be used for purchasing goods and services that are exempted from VAT on the basis of international treaties. Foreign investor shall distribute the special form for exemption from VAT to domestic contracting parties – contractors.

(3) The taxpayer who, within the implementation of international treaties, supplies goods burdened by VAT, shall be entitled to VAT refund in compliance with the procedures laid down in this Book of Rules.

#### Article 52

### **Personnel of Diplomatic and Consular Representation Offices**

(1) Persons registered for VAT in BiH, who supply goods and services to diplomatic or consular missions, international organisations and members of these missions and organisations and within international aid projects, shall calculate VAT on supply in compliance with the standard provisions of the VAT Law.

(2) 'Personnel of diplomatic and consular missions, members of international organisations and members of their families' shall, within the meaning of the Law, be deemed to be the persons and the members of their families who live together with them in a joint household, if they are not nationals of Bosnia and Herzegovina, and these shall be the persons accredited by the Ministry of Foreign Affairs on the basis of reciprocity.

#### Article 53

### **Procedure for Exercising the Right to VAT Exemption for Goods and Services Supplied to Diplomatic and Consular Representation Offices**

(1) The persons entitled not to be burdened with VAT for their purchases shall have the right to VAT refund for their purchases, which shall be paid to them under Article 54 of this Book of Rules.

#### Article 54

### **Conditions for Refunding VAT for Goods and Services Supplied to Diplomatic and Consular Representation Offices**

(1) The refunding of VAT shall be carried out on a monthly basis after a request is submitted. The request for refunding shall be made by filling in the CD-VAT 1 ('CD-PDV 1') form for the diplomatic and international organisations referred to in Article 29, paragraph 1, item 1, 2 and 3 of the Law and by filling in the request form CD-VAT 1M ('CD-PDV 1M') for VAT taxpayers from BiH that procure goods and supply services within international aid projects, which are an integral part of this Book of Rules.

(2) The following should be attached to the request:

- a) a filled in CD-VAT 2 ('CD-PDV 2') form, which is an integral part of this Book of Rules, for each member of a mission and the mission itself that requested refund, if a request for refund is submitted by the diplomatic and international organisations referred to in Article 29, paragraph 1, item 1, 2 and 3 of the Law;
- b) an invoice with shown VAT for which refunding is being requested;
- c) evidence of payment of VAT for which refunding is being requested,
- d) a receipt referred to in Article 58 of this Book of Rules, if the request for refunding VAT is being submitted by VAT taxpayers from BiH that supply goods and services within international aid projects.

(3) The Indirect Taxation Authority (hereinafter: Authority) shall refund the paid amount of VAT if the conditions set out in the Law and this Book of Rules are met.

(4) In relation with VAT on supplies of goods and services to diplomatic and consular missions, there shall be no restrictions as to the right to refund, except that purchases are intended for the official needs of representation offices.

(5) In relation with supplies of goods and services to diplomatic and consular staff, members of international organisations, if VAT exemption is provided for under an international treaty, their family members, VAT refund shall not be granted on the purchase of the following:

- a) tobacco products;
- b) alcohol and alcoholic drinks;
- c) foodstuffs;
- d) meals in restaurants; and
- e) hotel accommodation.

(6) In relation with other supplies, except for the supply referred to in paragraph 5 of this Article, VAT shall be refunded only if an individual purchase exceeds KM 100 excluding VAT. No VAT refund may be rendered for goods and services purchased under the special scheme laid down by law for second hand goods, works of art, collectors' items and antiques and items bought at auctions. The total annual amount of VAT refund to the individuals referred to in this paragraph may not exceed KM 1,200. This limitation shall not apply to VAT paid on purchases of vehicles.

(7) The provisions of paragraphs 5 and 6 of this Article shall apply unless otherwise provided for by an international treaty.

(8) Representation offices, organisations or individuals who submit requests for refund shall provide the ITA with necessary details of their accounts opened with an institution responsible for payment transactions in BiH into which amounts for refund can be transferred.

#### Article 55

### **Authority's Competence for Implementing Regulations on Control of VAT Refunding to Eligible Missions**

(1) The Authority may issue instructions on the practical implementation and control of VAT refunds to eligible missions, organisations and their members.

#### Article 56

### **Deadline for Alienation of Goods**

(1) The holders of the right to VAT refunding on the basis of Article 29 of the Law may not alienate procured goods prior to the expiration of a period of 3 years from the date of the procurement of the goods in BiH. If they do so, they shall be required to calculate and pay VAT.

(2) The restriction concerning the alienation of goods shall not pertain to the goods the individual value of which is less than KM 100.

#### Article 57

### **International Treaties**

(1) When procuring goods and services which will be the subject of VAT refunding on the basis of international aid projects in compliance with the provisions of Article 29,

paragraph 1, item 4 of the Law, the provisions of Article 51 through 59 of the Book of Rules shall apply.

#### Article 58

##### **Authority Responsible for the Issuance of a Certificate for an International Treaty**

(1) The domestic contracting party – contractor shall be required to obtain a certificate from the Ministry of Foreign Affairs that an aid project to BiH under an international treaty is in question, in compliance with Article 29, paragraph 1, item 4 of the Law.

(2) The certificate referred to in paragraph 1 of this Article must contain information on the following:

- a) title of an international treaty,
- b) title of a sub-treaty under the international treaty,
- c) date of signing the international treaty,
- d) date of signing the sub-treaty under the international treaty,
- e) base for VAT refund (Article of the treaty),
- f) value under the international treaty,
- g) value under the sub-treaty and
- h) project beneficiary.

#### Article 59

##### **Recording of Supply of Goods and Services under an International Treaty**

(1) The Authority shall keep separate records of submitted requests for VAT refunding on the basis of international aid projects.

(2) The Authority shall refute a request for VAT refunding if in the procedure of considering it, it establishes that information provided in the attached documentation are not in accordance with the international aid project – sub-contract on the basis of which the right to VAT refunding has been exercised.

(3) If during subsequent control it is established that the information from the documentation presented together with a request for VAT refunding does not match the actual condition, the taxpayer shall be charged an appropriate amount of VAT with owed interest for a period stretching from the date the tax liability was incurred to the date of paying this liability.

#### Article 60

##### **Free Zones**

(1) The VAT shall not be paid on bringing goods into a free zone except for goods for final consumption in the free zone.

(2) A taxpayer may exercise the tax exemption referred to in Article 30 of the Law if he holds:

- a) a document of the company running free zones (hereinafter: company) confirming that there is a valid contract on use of the free zone between the company and the free zone user-consignee.
- b) a supplier's invoice for goods being brought into the free zone,
- c) a zone user's statement declaring that the goods are intended for an activity within free zone, except for goods for end use in the free zone
- d) a certified copy of a single administrative document proving that goods brought into the free zone comply with customs regulations

Article 61  
**Deduction of input tax on supplies to free zones**

(1) Domestic suppliers to operators in free zones shall, within the context of Articles 32 and 33 of the Law, be entitled to deduct input VAT on purchases made in order to render supplies.

IX DEDUCTION OF INPUT TAX

Article 62  
**General**

(1) Input tax is the amount of VAT which is, in compliance with Article 55 of the Law, separately shown in tax returns for the supply of goods and services that have been rendered to the taxpayer by other taxpayers, as well as the amount of VAT paid on import and separately shown in a single administrative document (SAD).

(2) The input tax shall also be deemed to be:

- a) amount of VAT which the person referred to in Article 13, item 2 and 3 of the Law paid, if he is a registered taxpayer,
- b) amount of a flat-rate fee which a taxpayer shows in a receipt on payment on procurement of goods and services from the farmer referred to in Article 45, paragraph 1 of the Law.

Article 63  
**Taxpayers Who Have the Right to Deduct Input Tax**

(1) Taxpayers carrying out taxable supplies of goods and services shall have the right to deduct input tax if the following conditions are met:

- a) that VAT is shown in an invoice for received goods or rendered services, in compliance with Article 55 of the Law,
- b) that the supply of goods or services has been received from another VAT taxpayer,
- c) that the right of deduction of input tax has not been excluded for received supplies under Article 32 of the Law,
- d) that a supply has been rendered to a taxpayer for business purposes.

(2) Persons that are not VAT payers shall not have the right to deduct input tax. The same shall apply to persons supplying goods and services exempt from VAT.

(3) Persons who partly supply VAT exempt goods and services and partly those that are taxable or liable to zero-rate shall have the right to deduct input tax in the part relating to the taxable supplies and those that are liable to zero-rate. In this case, it is necessary to ensure input tax data on taxable and non-taxable supplies of goods and services in bookkeeping or other records. Exceptionally, if a person cannot ensure data on input tax related to taxable or non-taxable supplies (general expenditures – overheads, fixed assets etc.) in his bookkeeping or non-bookkeeping system, the proportional deduction shall be determined through assessment.

(4) If the supply will be used for taxable purposes at the recipient in an insignificant portion (up to 5%), it shall be deemed that the whole supply was rendered for non-taxable purposes. Contrary to this, if supplied goods will be entirely or almost entirely used for taxable purposes (in excess of 95%), it shall be deemed that the supply is entirely rendered for taxable purposes.

(5) The taxpayer shall be required to keep separate records for supplies for business purposes and separately for supplies for non-business purposes.

(6) If goods or services supplied to a taxpayer are used for both business and non-business purposes and it is possible to assess the portion used for non-business purposes, an input tax must be divided according to purpose of use to the deductible and non-deductible portion. This method of assessment shall be carried out in particular for deliveries of movables, the quantities of which are determined in commercial trade by number, measure or weight, as well as for the use of services.

(7) If the division referred to in paragraph 6 of this Article is not possible and the received supply is entirely included in business purposes, the conditions for the existence of personal consumption in terms of the use of goods for non-business purposes shall be met and the portion used for private purposes shall be subject to taxation under Article 5, paragraph 1 of the Law.

(8) The persons who will use received goods and services both for business and non-business purposes must have separate accounts for goods and services which they will use for business purposes and those for non-business purposes.

(9) The accommodation shall, within the meaning of Article 32, paragraph 6, item 2 of the Law, only refer to the accommodation for business' entertainment.

#### Article 64

#### **Means of Transportation that Do Not Exclusively Serve for Business Purposes**

(1) Passenger cars, airplanes and ships for transport of managers, managerial and other employees shall not be the means of transportation that are exclusively used for carrying out one's business activity.

(2) Means of transportation on which no input tax has been deducted, shall not be subject to VAT when alienated by taxpayers.

#### Article 65

#### **Deduction of Input Tax on Import**

(1) VAT calculated on import may be deducted by an importer as input tax if the following conditions are met:

- a) that VAT was paid on import. The payment of tax on import shall be always carried out for the importer and it may be carried out by the importer himself or by someone else in his name, who in this case must state in a payment order, in the line reserved for reference to the authorisation No., the tax identification number of the importer the SAD is made out to,
- b) that goods have been imported into the country for importer's taxable purposes.

#### Article 66

#### **Time of Input Tax Deduction**

(1) The input tax shall be deducted under Article 38 of the Law in the tax period in which the invoice for purchased goods and services, with VAT shown in accordance with Article 55 of the Law, was received.

(2) The deduction of input tax shall be granted regardless of whether the invoice has been paid.

#### Article 67

### **Input Tax Deduction Related to Advance Payments**

(1) For rendered advance payments, input tax may be deducted in the accounting period in which the advance payment was rendered if an invoice for it has been issued by the recipient of an advance payment and received by the payer of the invoice, in compliance with Article 55 of the Law, regardless of the fact that goods or service have not been supplied.

(2) If following the advance payment, the supply of goods or services does not take place, the right to deduct input VAT shall be lost and the calculated tax need to be rectified. In this case the payer of the advance payment must issue a credit note to the recipient of the advance payment that he made the correction of the input tax and the recipient of the advance payment shall then reduce his tax liability. This provision shall apply independently of whether the advance payment has been refunded.

#### Article 68

### **Deduction of Input Tax at the Start of Business Activities**

(1) An economic or other entrepreneurial taxable activity shall start with preparatory activities that are to be undertaken for the purpose of starting this activity. Input tax included in the supplies received for the commencement of work may be deducted if all other conditions for the deduction of input tax are met. The right to deduct input tax calculated on received supplies, such as privately motivated investments, preparatory investments and the like, which do not lead to the entrepreneurial status and business operations, may not be exercised.

(2) The persons referred to in paragraph 1 of this Article shall have the right to deduct input tax in accordance with the conditions prescribed by the Law and this Book of Rules.

#### Article 69

### **Correction of Input Tax Deduction**

(1) If the tax base (consideration) subsequently changes due to various types of discounts or inability to render collection in legally prescribed ways, then the person who has delivered goods or provided service may correct (reduce) the amount of output tax. The supplier shall issue a credit note for that amount to the person the goods or services have been supplied to, who shall, on the basis of the credit note, make a correction (reduction) of the deduction of output tax. If VAT, which was calculated and paid on import, is deducted as input tax and subsequently reduced or refunded, then the importer must, on the basis of an Authority's decision, correct the deduction of input tax by an owed amount.

(2) The corrections must be made in the tax period in which the tax base was changed.

#### Article 70

### **Deduction of Input Tax for Services Rendered by a Person Seated in a Foreign Country to a Local Taxpayer**

(1) A taxpayer in the country who uses services of a person seated in a foreign country and pays tax under Article 39 of the Law, shall have the right to deduct this tax 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 input tax provided the following conditions are met:

a) an invoice must be issued by the person seated in a foreign country,

- b) tax must be paid into the prescribed Single Account,
- c) a taxpayer in the country must enter in an invoice the amount of calculated and paid tax.

#### Article 71

### **Determining the Portion of Proportional Deduction of Input Tax**

(1) When calculating the proportional deduction of an input tax portion in accordance with Article 33 paragraph 4 of the Law, in the proportion of the supply with or without the right to deduction, the following supply elements shall not be included:

- a) Supplies (alienation) of equipment that has been used by the taxpayer for carrying out his business activities,
- b) Supplies of financial services if they are carried out occasionally.  
It shall be deemed that financial services are supplied occasionally if the following conditions are met:
  - i) that financial services represent an additional business activity of the taxpayer; and
  - ii) that the income from financial services does not exceed 5% of the taxpayer's annual turnover (with included VAT).
- c) Supplies of immovables if they are carried out occasionally.  
Occasional transactions of immovables shall be deemed to be the cases where
  - i) a taxpayer supplies immovables in which he has been carrying out his business activities; or
  - ii) supply of immovables is not a normal type of the business the taxpayer is dealing in.

#### Article 72

### **Activities and Supplies Exempt from VAT**

(1) Taxpayer cannot deduct input tax included in invoices for received goods and rendered services, which he uses for supply of goods and services:

- a) which are exempt from payment of VAT in the country in compliance with the Law,
- b) abroad, which would have been exempt from payment of tax if they had been carried out within the country,
- c) without consideration, which would have been tax exempt.

(2) If supplies of goods and services exempt from payment of VAT in the country have been carried out abroad, the right to deduction of related input tax may not be exercised.

(3) If a person supplies goods and services free of charge they have no right to deduction of input tax if those supplies have been exempt from VAT payment.

#### Article 73

### **Deduction of Proportional Amount of Input Tax**

(1) On the basis of Article 33 of the Law, a taxpayer shall have the right to deduct a proportional amount of input tax on supplied or imported goods used for his business purposes or where he receives services in order to supply goods and services with or without the right to deduct input tax.

Article 74  
**Determination of Proportional Amount of Input Tax**

(1) A proportional amount of deductible input tax shall be determined once a year for the current year on the basis of data provided by a taxpayer in the previous year in accordance with Article 33, paragraph 6 of the Law.

(2) The proportional tax deduction shall be calculated by applying a percentage of proportional deduction on to the amount of input tax reduced by the amount the taxpayer has no right to deduct.

(3) The proportional tax deduction shall be established in such a way that the percentage of the proportional tax deduction on input tax is reduced by the amount which the taxpayer does not have the right to deduct in compliance with Article 32, paragraph 6 of the Law.

$$\text{Percentage of proportional deduction} = \frac{\text{annual taxable supplies} - (\text{standard and zero rate}) \times 100}{\text{total annual supplies}}$$

$$\text{Proportional tax deduction} = \left[ \frac{\text{Amount of input tax in a tax period} - \text{Amount of input tax referred to in Art. 32 paragraph 6 of the Law}}{\text{Amount of input tax in a tax period}} \right] \times \text{Percentage of proportional deduction}$$

Article 75  
**Special Cases**

(1) If the State and its authorities, Entities' authorities, District authorities and local self-governing bodies, as well as legal entities which are established in compliance with the law with a view to carrying out businesses falling within the scope of administrative bodies and which are not deemed to be taxpayers referred to in Article 12, paragraph 6 of the Law, carry out an economic or other activity and the non-taxation of that activity would lead to the acquisition of unjustified concessions, the ITA shall determine by means of a decision that they are taxpayers for that activity.

(2) In the case referred to in paragraph 1 of this Article, taxpayers must keep separate books for each unit that is deemed to be a taxpayer and there shall be no proportional deduction of input tax for any other administrative costs with regard to the portion pertaining to the performance of activities within the framework of their legally defined scope or competences which they may not be deduct.

**X CORRECTION OF INPUT TAX**

Article 76  
**Correction of Input Tax**

(1) Correction of input tax deduction shall be calculated and declared on a VAT tax return in the tax period in which the reason for the correction arose.

(2) The period set for correction of input tax in relation with real estate shall be ten years, i.e. one hundred and twenty (120) months and, in relation with equipment, five years, i.e. sixty (60) months from the tax period when the use of purchased or manufactured goods started and when input tax was deducted. The correction of input tax shall be carried out at one time for the period from the change of conditions to the correction period.

(3) If a building or equipment becomes unusable before the expiration of the period for correction of input tax, there reasons for correction of input tax shall cease.



(4) If a subsequent investment does not substantially change the lifetime of the use of the building or equipment, then the correction of input tax for that investment shall be made in the period of making the correction of input tax for the economic goods in question.

(5) If it is a subsequent investment which substantially changes the lifetime of use or represents a separate unity such as is e.g. annexe to an already existing building, a new (separate) period of input tax correction shall be determined for this investment.

(6) Correction of input tax deduction in the cases referred to in paragraphs 2 and 3 of this Article shall be made in a tax return for the tax period in which the changes of conditions for deduction of input tax occurred.

(7) 'Change of conditions' referred to in the previous paragraph shall be deemed to be the transfer from taxable to non-taxable activity and vice versa (change of conditions on the basis of which one has had or has not had the right to deduct input tax for equipment and facilities). The correction of input tax shall be also made in the case of the transfer of equipment and facilities to the person who has no right to deduct input tax. VAT shall be corrected for the period after the change.

(8) The correction of input tax shall be made on the basis of the following formula:

$$\text{Input tax} - (\text{minus}) \left[ \text{Input tax} \times (\text{multiple}) \frac{\text{Period of use of the asset before cessation of the conditions for input tax deduction}}{\text{Period for correction of input tax}} \right]$$

#### Article 77

### **Deduction of Input Tax at the Start of Taxable Business Activities**

(1) The person referred to in Article 37 of the Law who is registered as a VAT taxpayer shall file with the ITA a request for proportional deduction of input tax for goods he has in stock the value of which is assessed under the bookkeeping value (with included VAT) or market value if lower.

(2) The request must separately indicate goods on which VAT was paid on purchase.

(3) A proportionate share shall be calculated on the basis of total supply in a year preceding the first registration in the manner that all supplies of goods with input VAT and those without VAT must be proportioned.

#### Article 78

### **Form and Contents of VAT Return**

(1) Until 10<sup>th</sup> of a month following the expiration of the tax period referred to in Article 38 paragraph 1 of the Law, taxpayers shall be liable to file a VAT return with a competent ITA Unit according to their seat or place of residence.

(2) A VAT return shall be filed on a uniform VAT Return form (hereinafter: VATRF) that forms an integral part of this Book of Rules.

(3) Amounts stated in tax return fields shall be rounded down to the nearest whole number in KM.

## XI VAT TAXATION, CALCULATION AND PAYMENT PERIOD

### Article 79

#### **VAT Payment**

(1) Taxpayers dealing in supply of goods and services referred to in Articles 4 through 11 of the Law shall pay VAT until 10<sup>th</sup> of a month for the previous month at the latest.

(2) The amount of the payment referred to in paragraph 1 shall be rounded down to the nearest whole number in KM.

(3) Taxpayers dealing in supply of goods and services referred to in Article 11 of the Law shall pay VAT on every importation of goods within the deadlines in which customs and other import charges shall be paid.

## XII SPECIAL SCHEMES IN CONSTRUCTION INDUSTRY

### Article 80

#### **Notion of Construction Works**

(1) “Construction works” referred to in Article 40, paragraph 2 shall be deemed to be:

- a) demolition services,
- b) services on buildings,
- c) services on all buildings made of construction material, which are built above or under the ground or alternative services carried out on the buildings by means of construction equipment (e.g. in tunnels, on bridges, streets),
- d) installation of windows and doors, installation (covering) of floors, lifts, conveyer belts and heating systems
- e) installation of elements built into buildings and other facilities (restaurants, shops, window-panes),
- f) installation of lighting systems,
- g) cleaning that modifies surface (e.g. sand blasting).

### Article 81

#### **Persons under Special Scheme in Construction Industry**

(1) Investor shall be the person who finances the construction works on real estate. Contractor shall be the person who has directly concluded a contract with the investor on the construction works on real estate.

(2) Contractor referred to in the provisions of Articles 41 and 42 of the Law shall be required to issue to the investor an invoice for supplied goods and services for each tax period.

### Article 82

#### **Notion of Sub-Contractor**

(1) The sub-contractor referred to in Articles 41 and 42 the Law shall be the person who supplies the contractor with goods for the purposes of constructions works on real estate and who himself provides services related to delivered goods and thereby influences the performance of construction works.

(2) The special scheme shall refer to the contractor referred to in Article 82, paragraph 2 of this Book of Rules and to the sub-contractor referred to in paragraph 1 of this Article.

### XIII SPECIAL TAXATION PROCEDURES

#### Article 83

#### **Lump-Sum Compensation to Farmers**

(1) In accordance with Article 45, paragraph 1 of the Law, the ITA shall approve the right to a lump-sum compensation (hereinafter: VAT compensation) for input tax to any farmer who is not a VAT taxpayer in case they:

- a) provide evidence from the competent authority confirming income from agriculture and forestry and
- b) supply agricultural and forestry products, or agricultural services to VAT taxpayers.

(2) VAT compensation shall be determined at the rate of 5% on the net value of received goods and services.

(3) The Authority may determine the percentage of VAT compensation referred to in paragraph 2 of this Article every year.

(4) If a farmer has supplied agricultural and forestry products or agricultural services, the taxpayer shall be obliged to calculate the VAT compensation at the rate referred to in paragraph 2 of this Article on the value of received products and services on which he shall be required to issue a document (hereinafter: payment receipt).

(5) The taxpayer referred to in paragraph 4 of this Article shall be entitled to deduct calculated amount of the VAT compensation as input tax, provided that he paid VAT the compensation and value of the received products and services to the farmer.

(6) The payment receipt referred to in paragraph 3 of this Article shall contain the following information:

- a) name, address, identification number of taxpayer – issuer of the payment receipt,
- b) place and date of issuance and the ordinal number of the payment receipt,
- c) name, address and PIN of the farmer,
- d) type and quantity of delivered products and type and extent of the service provided,
- e) value of received products and services,
- f) amount of the VAT compensation calculated to the farmer
- g) number and date of an authorisation issued in compliance with Article 45, paragraph 1 of the Law.

#### Article 84

#### **Travel Agencies and Tour Operators**

(1) If all the conditions referred to in Article 46 of the Law have not been met, a travel agency shall calculate, charge and pay VAT under general conditions laid down by the Law.

(2) The travel agency shall be required to ensure records in compliance with law and this Book of Rules.

(3) The travel agency shall be required to issue to the user of services a tax invoice or any other document for rendered tourist service.

(4) The travel agency shall be entitled to deduct input tax calculated by the taxpayers that supplied goods and services and which are not directly connected to the benefit of passengers.

## Article 85

### **Second Hand Goods, Works of Art, Collectors' Items and Antiques**

(1) The resellers referred to in Article 47, paragraph 1 of the Law may charge and levy VAT under special conditions if they have purchased or obtained, with the intention to resell them, second hand goods, works of art, collectors' items and antiques:

- a) from persons who are not VAT taxpayers,
- b) from taxpayers not entitled to deduct input tax on purchase of these goods, or relieved from VAT without the right to deduction of input tax for purchases,
- c) from persons whose annual taxable income does not exceed the prescribed threshold, or from the persons who are not VAT taxpayers, when used business assets of that person (small entrepreneurs) are in question.

(2) If the resellers referred to in paragraph 1 of this Article at the same time charge, levy and pay VAT under general conditions, they shall be obliged to keep in their bookkeeping system separate records for supplies they charge and levy VAT under special conditions.

(3) The resellers referred to in paragraph 1 of this Article shall, in their bookkeeping systems, provide information and keep records on purchase and sale of second hand goods, works of art, collectors' items and antiques and shall be required to ensure details in them about:

- a) the seller for any item,
- b) any purchased item,
- c) amount of purchase price for any item,
- d) amount of selling price for any item sold,
- e) amount of difference between purchase and selling price of the goods referred to in items 3 and 4 of this Article, and
- f) amount of VAT contained in the difference referred to in item 5 of this paragraph

(4) The tax invoice shall be issued in compliance with Article 106 of the Book of Rules.

(5) The resellers referred to in paragraph 1 of this Article shall be entitled to deduct input tax charged by the taxpayers that supplied goods and services, which is not related to the purchase value of goods.

## Article 86

### **Goods Whose Purchase and Sale are Fully Completed**

(1) Resellers whose individual value of the purchase of second hand goods and collectors' items is less than KM 200.00, shall not be required to provide information on the individual purchase and selling price for each subject of taxation, that is, in such a case they may purchase and sell such products in full.

(2) The resellers of second hand goods and collectors' items whose individual purchase exceeds the amount referred to in paragraph 1 of this Article shall be obliged to provide the information laid down in Article 85, paragraph 3 of this Book of Rules for each subject of taxation.

(3) The resellers referred to in paragraph 2 of this Article may not determine margin for taxation.

(4) In the case referred to in paragraph 1 of this Article resellers shall determine margin for taxation for a certain tax period, and this as a difference between total supplies rendered in that period and total purchases of goods.

(5) If margin is negative, the resellers may transfer it to the following tax period, provided that they charge and levy VAT under special arrangements for the resellers referred to in paragraph 1 of this Article.

(6) If the resellers at the same time charge and levy VAT under special and general conditions prescribed by the Law, they may not transfer negative margin into the next tax period for the goods on which they charge and levy VAT under the general conditions.

#### Article 87

### **Other Instances of Supply of Works of Art, Collectors' Items and Antiques**

(1) The purchase price of works of import art, collectors' items and antiques shall be determined in compliance with customs regulations (Article 21 of the Law) increased by the amount of VAT which is charged and levied within the deadlines set for the collection of customs debt.

(2) The resellers that charge and levy VAT on the difference between the selling and purchase price shall not be entitled to deduct input tax on goods they have imported or obtained, in compliance with Article 49, paragraph 1 of the Law.

#### Article 88

### **Supply of Goods at Public Auction**

(1) The taxpayer referred to in Article 50, paragraph 1 of the Law (hereinafter: the auctioneer) may charge and levy VAT under special conditions only if he acts at an auction in the name of the principals mentioned in Article 50, paragraph 3 of the Law.

(2) If the auctioneer charges and levies VAT under general and special conditions, he shall be required to keep separate records in his accounts, in which he shall provide data on the supply on which he charges and levies VAT under general and special conditions, and to charge and levy VAT for each arrangement separately.

## XIV VAT REFUND

### **a) Regular VAT Refund to VAT Taxpayers**

#### Article 89

### **Initiating of the VAT Refund Procedure**

(1) The VAT refund procedure shall be initiated by submitting a self-taxation return (VAT return).

#### Article 90

### **Entitlement to VAT Refund**

(1) By submitting a VAT return, the taxpayer shall opt for the refund of input tax difference or for a tax credit.

(2) By marking VAT return's field 80 with "X", it shall be deemed that a request for refund of input tax difference was submitted.

(3) In the case that a taxpayer does not opt for this, it shall be deemed that he opted for the tax credit.

Article 91  
**VAT Refund to Exporters**

(1) The right to refund of input tax on the basis of export within a period of 30 days from the date of submitting a VAT return shall have the taxpayers that had export of over 30% of the total turnover in the previous year. The taxpayer shall lose the right to refund if he has not had any turnover on the basis of export for six successive months and shall regain that right if he exports goods and services for six successive months. The taxpayers that for the first time commence their activities or have an intention to export, may obtain the right to refund within 30 days from the date of submitting a VAT return on the basis of a contract from which it could be seen that in the current year his export will exceed 30% of turnover in export.

(2) The taxpayers who have realized less than 30 % of export in the total turnover shall have the right to tax refund within 60 days following the expiration of the deadline for submission of a VAT return.

Article 92  
**VAT Refund Procedure**

(1) The ITA shall refund input tax difference decreased by the amount of a tax debt due.

(2) The tax debt due shall be the main and auxiliary liability as laid down in the Law on Indirect Taxation Procedure.

(3) If the Authority does not refund the difference of input tax within the prescribed periods, a VAT taxpayer shall be entitled to prescribed interest which shall run as of the first day upon the expiration of deadlines for refund until the day funds are transferred to the VAT taxpayer's account.

**b) Refund to VAT Taxpayers Registered Abroad**

Article 93  
**VAT Refund to Business Operators Registered for VAT Abroad**

(1) Foreign legal persons without registered business in BiH (hauliers, persons exhibiting goods at fairs, airline companies and similar) shall be the persons that purchase goods and receive services from taxpayers from the territory of BiH, in relation with the performance of an activity abroad, and shall be entitled to VAT refund based on a request submitted to the ITA for cumulative turnover in the period of three months minimum, and even shorter if it is the end of a fiscal year.

(2) The request referred to in the previous paragraph shall be submitted on a "PDV-SL-1" form which is prescribed by this Book of Rules and which constitutes its integral part.

Article 94  
**Terms for Refunding VAT to Foreign Persons**

(1) In addition to a VAT refund request, a foreign person shall be required to submit the following documentation:

- a) a copy of the certificate of foreign taxpayer's registration for VAT and the translation of the registration certificate if it is not in one of the three official languages of BiH,

- b) originals or validated copies of invoices on purchase of goods and services in BiH under which VAT has been charged and levied.
- c) evidence on payment of goods, and
- d) evidence on export of goods.

#### Article 95

### **Deadline for VAT Refund to Foreign Persons**

(1) After verifying that the conditions for VAT refund are met, the Authority shall determine with a decision that the persons referred to in Article 53, paragraph 1 of the Law have the right to refund within 6 months from the date of submitting the request.

(2) The decision referred to in the above paragraph shall be communicated to a representative seated in BiH.

(3) VAT refund shall be made from the Single Account into the representative or request submitter's account opened in BiH.

### **c) Refund of VAT to Foreign Citizens**

#### Article 96

### **Right to VAT Refund to Foreign Citizens**

(1) The buyer-foreign citizen referred to in Article 54 of the Law (hereinafter: buyer) who conveys goods purchased in BiH in the luggage he carries with him abroad shall exercise the right to refund of VAT for the conveyed goods on the basis of a request for refund which shall, on the buyer's request, be filled in by the taxpayer-seller.

#### Article 97

### **Submission of Request for VAT Refund**

(1) A requests for VAT refund shall be submitted on the "PDV-SL-2" form – Foreign Citizen's Request for Refund, which is attached to this Book of Rules and which constitutes its integral part.

#### Article 98

### **VAT Refund Request Form**

(1) The PDV-SL-2 form shall be completed in three copies the original and one copy of which the seller shall give to the buyer and keep the second copy in his documentation.

#### Article 99

### **Procedure for VAT Refund to Foreign Citizens**

(1) The buyer shall exercise the right to refund of VAT if, when leaving the customs area of BiH, he shows to the Authority invoices, purchased goods and the original of the completed PDV-SL-2 form.

Article 100  
**Conditions for VAT Refund to Foreign Citizens**

(1) Prior to certifying the “PDV-SL-2” form the Authority shall be required to establish whether:

- a) data from the passport is identical to the data from the “PDV-SL-2” form,
- b) the presented goods are identical to the goods indicated in the “PDV-SL-2” form and enclosed invoices, as well as that these goods have not been used,
- c) the total value of goods with included VAT shown in the “PDV-SL-2” form is higher than KM 100,
- d) goods are taken out before the expiration of the deadline of 3 months from the day of delivery (purchase) in BiH,
- e) the original “PDV-SL-2” form is certified and signed by the seller.

(2) If the conditions referred to in paragraph 1 of this Article are met, the Authority shall certify the original “PDV-SL-2” form and enclosed invoices with a signature and stamp and shall enter into the “PDV-SL-2” form the date of taking out the goods from the customs territory of BiH.

(3) The original invoice and certified “PDV-SL-2” form shall be returned to the buyer and the Authority shall keep a copy of the form for its purposes. The Authority shall keep separate records on certified “PDV-SL-2” forms.

Article 101  
**Goods Exported by Foreign Nationals that Are Not entitled to VAT refund**

(1) The right to VAT refund on goods exported from BiH by foreign persons shall not apply to exported mineral oils, alcohol and alcoholic drinks and tobacco products.

(2) ‘Mineral oils’ shall be deemed to be oil derivatives (petroleum, diesel fuel, heating oil – extra light (EL) and special light (SL), motor petrol – unleaded, motor petrol).

(3) ‘Alcohol and alcohol drinks’ shall be deemed to be alcohol drinks regardless of the size of a package, and ethyl alcohol.

Article 102  
**Deadline for VAT Refund**

(1) Paid VAT shall be refunded to the buyer or the person who submitted a request for refund (provider of the certified “PDV-SL-2” form) if, within 3 months from the day of issuing an invoice, the certified original of the “PDV-SL-2” form is submitted to the seller from whom the goods were purchased and in which it is certified that the conditions referred to in Article 100, paragraph 1 of this Book of Rules are met.

(2) Upon the expiration of the afore-mentioned period, the foreign citizen may not exercise the right to VAT refund.

Article 103  
**Buyer’s Obligation**

(1) If the certified original “PDV-SL-2” form referred to in Article 100, paragraph 2 of this Book of Rules is submitted by mail, the buyer or the person who submitted a request shall provide the seller with the number of their bank account into which the paid VAT can be refunded, unless the account was not indicated in the “PDV-SL-2” form.



Article 104  
**Manner of Refunding VAT**

(1) Based on the certified original of the “PDV-SL-2” form referred to in Article 100, paragraph 2 of this Book of Rules, the seller shall make refund of the paid VAT to the buyer or the person that submitted a request.

(2) The VAT refund shall be made by the seller in KM through a cash payment or payment into the bank account indicated by the buyer or the person that submitted a request.

(3) If cash payment is in question, the seller shall be obliged to make VAT refund immediately, and if it is allocated to an account of the buyer, i.e. the person that submitted a request, the payment shall be made within 15 days from the date of receiving the request.

(4) The buyer or the person that submitted a request shall, with the signature on the certified original “PDV-SL-2” form referred to in Article 100, paragraph 2 of this Article (*TN: it is the BoR in which “of this Article” is stated*), certify the receipt of VAT refund in cash.

(5) The certified original “PDV-SL-2” form referred to in Article 100, paragraph 2 of this Article (*TN: the same comment as in the previous paragraph*) signed by the buyer or the person that submitted a request, confirming the receipt of VAT refund in cash, that is, an executed order for transferring funds based on VAT refund, shall serve to the seller as evidence for tax exemption with the right to deduct input tax.

Article 105  
**Special Records to be Kept by the Seller**

(1) The seller shall be obliged to keep special records of issued “PDV-SL-2” forms and on refunds made to the buyers.

(2) The records shall contain data on:

- 1) reference number of the “PDV-SL-2” form,
- 2) foreign citizen’s passport number,
- 3) number and date of an invoice from the “PDV-SL-2” form,
- 4) the amount of consideration for delivered goods without included VAT,
- 5) the amount of VAT included in the consideration for supplied goods,
- 6) the date of receiving the certified original of the “PDV-SL-2” form,
- 7) amount of VAT that has been refunded,
- 8) date of VAT refund.

**XV MAKING OUT OF INVOICES, BOOKKEEPING AND SAFEKEEPING OF DOCUMENTS**

Article 106  
**Making Out of a Tax Invoice**

(1) A VAT taxpayer shall be required to issue a tax invoice to any purchaser for any supply of goods and services, except for the supply exempt from VAT (Articles 24 and 25 of this Law), i.e. services of public interest, financial and monetary services.

(2) ‘Tax invoice’ shall be also taken to include any other document containing all the prescribed elements.

(3) The tax invoice shall be issued at least in two copies, one of which shall be delivered to the purchaser, and the other one shall serve as an accounting document.

(4) The tax invoice shall serve as the basis for determining tax liability.

(5) The tax invoice shall be the basis and precondition for deduction of input tax, whether as the basis for decreasing tax liabilities or as the basis for refunding tax by the State, for accountancy and entering of data into a tax return.

(6) For any lost tax invoice or document with which the right to deduct input tax is acquired, the purchaser shall be required to ensure the transcript of the tax invoice from the supplier.

#### Article 107 **Content of Tax Invoice**

(1) The tax invoice referred to in the previous Article must contain at least the following information:

- a) Name, address and indirect tax identification number of the taxpayer that supplied goods or services,
- b) Place and date of issuance of the invoice,
- c) Number of the invoice,
- d) Date of supply of goods and/or services,
- e) Name, address and when it exists, the taxpayer's indirect tax identification number of the purchaser,
- f) Commercial name, type, quantity and price of supplied goods and services,
- g) Individual value of goods and services without included VAT,
- h) Total amount of consideration without included VAT,
- i) VAT rate and total amount of VAT,
- j) Total amount of consideration for goods and services, including VAT.

(2) Where the taxpayer is required to issue a tax invoice and supplied goods and services are not taxable with VAT, he shall be required to indicate in the tax invoice the Article from the Law under which the calculation of VAT is not to be made.

#### Article 108 **Obligation of Issuing a Tax Invoice where Services Are Used for Non-Business Purposes**

(1) A VAT taxpayer must issue a tax invoice in accordance with the provisions of this Book of Rules and the Law also in the following cases of using services for non-business purposes (Articles 5 and 9 of the Law), when:

- a) the taxpayer uses the goods that form a part of business assets for non-business purposes of the taxpayer, employees or other persons, where VAT on such goods is wholly or partially deductible,
- b) the taxpayer supplies services without consideration or for reduced consideration, for non-business purposes of the founder, employees and other persons or for the purposes that are not related to his business,
- c) the taxpayer uses or supplies a service without consideration, or for reduced consideration, to employees or members of their family for work, and
- d) the taxpayer removes goods for final use (for the purposes not related to the business activity).

## Article 109

### **Issuance of an Internal Invoice**

(1) For the use of goods and services for non-business purposes, an internal invoice shall be issued, provided that VAT on the stated goods and services is fully or partially deductible.

(2) For the use of personally produced goods or supplied services for non-business purposes, an internal invoice shall be issued, provided that VAT on the stated goods and services is fully or partially deductible.

(3) The internal invoice shall include all prescribed elements of a tax invoice, except that instead of data on the purchaser, data on the purpose of goods and services shall be stated.

## Article 110

### **Issuance of a Tax Invoice in the Cases of Advance Payments**

(1) For advance payments received before a supply of goods and services takes place and based on a statement of account received from the authorised organisation for payment transactions, the receiver of the advance payment shall be obliged to issue a tax invoice in compliance with the Law and this Book of Rules.

(2) The marking "Invoice-Advance Payment" shall be obligatory indicated on an invoice.

(3) Such a tax invoice shall be the basis for calculating output tax with the seller and input tax with the purchaser.

(4) A received advance payment shall represent gross consideration from which VAT shall be calculated by using the recalculated rate.

(5) If an advance payment has been received in the same accounting period in which the supply has been rendered, then a tax invoice for advance payment invoice shall not be issued, but an invoice for regular supply of goods or services. Where the received advance payment is higher than the amount stated in a regular invoice, a tax invoice for the advance payment difference shall be issued.

(6) When supplying goods or services, a tax invoice shall be issued to include the charging of the entire supply of goods or services, and the tax invoice for the advance payment shall be cancelled.

## Article 111

### **Notice of Receipt**

(1) Payment notice (notice of receipt) shall be a document issued in specific cases where there are aggravating circumstances, inability to issue an invoice or where the person liable to issue an invoice is the buyer (purchases from farmers, complexity of the quantitative and qualitative receipt of goods and the like).

(2) The notice shall be issued only for contracted supplies of goods and services.

(3) The date of issuance of the notice shall be the date of supply of goods and services.

Article 112  
**Notice of Receipt Functioning as Invoice**

(1) The invoice shall, within the meaning of Article 45 of the Law, also mean a notice of receipt that the taxpayer issues for supplies of goods by farmers.

**Article 113**  
**Content of Notice of Receipt**

(1) The notice of receipt referred to in the previous Article shall contain the following information:

- a) taxpayer's name, address and identification number,
- b) place, date of issue and ordinal number of the notice of receipt,
- c) farmer's full name, address and single identification number - SIN,
- d) type, quantity of goods or services supplied by the farmer,
- e) date or period of supply of goods and services,
- f) value of received goods and services,
- g) amount of the flat rate consideration calculated to the farmer,
- h) Ref. No. of an Authority's decision on flat-rate consideration to the farmer.

Article 114  
**Bill**

(1) The taxpayers that charge supply of goods and services in cash shall be obliged to register their sales via tills and issue a bill for each sale (till roll slip).

(2) Bills shall be issued in two copies one of which shall be issued to the client and the other one shall serve as tax documentation along with daily reports for bookkeeping.

Article 115  
**Content of Bill**

(1) Bills for cash sales on supply of goods or services must include at least the following particulars:

- a) taxpayer's name, address and identification number,
- b) place of sale (number of the selling place, business premise, shop),
- c) date and number of issuing the bill,
- d) quantity, price and ordinary commercial name of supplied goods or services,
- e) total amount of consideration without included VAT,
- f) total amount of VAT;
- g) total amount of consideration with included VAT.

Article 116  
**Bill Functioning as Invoice**

(1) Bills may be accepted as the base for recognising input VAT if the total amount including VAT does not exceed KM 100.00.

(2) For bill amounts exceeding KM 2,000.00 a tax invoice must be issued in addition to the bill.

#### Article 117

### **Reports on Daily and Monthly Turnover**

(1) Taxpayers that charge supplies of goods and services in cash in compliance with Articles 118 and 119 shall be required to produce reports on total daily and monthly supplies with information on the amount of VAT free supply, VAT amount and the amount of supply with included VAT, which represent the documents for entry of data into the Book of Outgoing Invoices.

#### Article 118

### **Taxpayers not Liable to Issue Bills**

(1) Taxpayers charging supplies of goods and services in cash shall, in retail sale of tobacco, tobacco products, daily newspapers, lotto and pools in kiosks and in retail sale of goods and services on market places and other open air spaces, shall not be required to issue bills.

#### Article 119

### **Notions of Marketplace and Open Air Space**

(1) 'Market places and open air spaces' shall, within the meaning of the Law and this Book of Rules, be deemed to be the places registered by a relevant authority in which the supply of goods and services to end consumers may be rendered.

(2) 'Sale in open air spaces' shall be taken to include the sale of passenger tickets for public transportation, sale of tickets by means of ticket machines and other products by means of slot machines.

#### Article 120

### **Principles for keeping books**

(1) In their bookkeeping system taxpayers must provide all data required for an accurate, regular and timely assessment and payment of VAT.

(2) The basis for bookkeeping recording of any tax-significant events, changes and facts shall be appropriate documents, such as: calculation of rendered and received supplies, issued and received invoices, papers on import and export (customs declarations), papers on payments and collection, as well as any other documents essential for the assessment and payment of VAT and for the use of the right on deduction of input tax.

(3) Taxpayers' bookkeeping, books of outgoing and incoming invoices and other records must be kept under the International Accounting Principles and Standards and also under the BiH Law on Accountancy and Auditing.

(4) When keeping books the taxpayer shall adhere to the following accounting principles:

- a) accrual basis,
- b) business continuity,
- c) comprehensibility,
- d) relevancy,
- e) importance,
- f) reliability,
- g) authentic presentation,
- h) essence taking precedence over form,

- i) impartiality,
- j) cautiousness,
- k) completeness,
- l) comparability,
- m) timeliness.

#### Article 121

### **Content of Bookkeeping Records**

(1) In his bookkeeping system a taxpayer must provide all information required for the assessment and payment of VAT and in particular information:

- a) on the total amount of consideration for supplies of goods and services with included VAT, amount of consideration for supplies of goods and rendered services exempt from VAT,
- b) on VAT assessed under invoices issued for supplied goods and services,
- c) on the total amount of consideration for received goods and services, amount of consideration for received goods and services with included VAT and the amount of consideration for received goods and services without included VAT,
- d) on VAT assessed under invoices for received goods and used services (input tax),
- e) on VAT payment liability and VAT payment,
- f) on claims for refund of input tax and its payment.

(2) In order to provide information on issued and received invoices and VAT contained in these invoices, the taxpayer must either:

- a) keep separate records, as follows: book of outgoing invoices ('KIF' Form) and book of incoming invoices ('KUF' Form), or
- b) in the business bookkeeping and accountancy system establish accounts for:
  - i) output VAT for supplies to persons registered for VAT,
  - ii) output VAT for supplies to persons not registered for VAT,
  - iii) input VAT,
  - iv) payments of VAT,
  - v) import VAT and
  - vi) export.

#### Article 122

### **Book of Outgoing Invoices**

(1) The following information shall be entered into the Book of Outgoing Invoices (KIF):

- a) ordinal number (column 1),
- b) invoice number (column 2),
- c) date of issuing an invoice (column 3),
- d) name of the client (recipient of goods and services) if he is a taxpayer (column 4)
- e) buyer's identification number. In this column no information about a foreign client or any sale to end consumers shall be entered (column 5),
- f) amount of invoice (column 6),
- g) amount of internal invoice for non-business purposes (column 7),
- h) amount of invoice for exporting supplies. Particulars for services supplied in foreign countries on the basis of export customs declarations (column 8),
- i) amount of invoice for other supplies exempt from VAT (column 9),
- j) base for charging purchasers-taxpayers with VAT (column 10),

k) calculated amount of VAT on all supplies (column 11);

(2) The following details shall also be entered to the Book of Outgoing Invoices (KIF):

- a) daily turnover in cash. In this case, numbers of invoices for cash turnover shall be entered into column 2 (from—to--, under the specification from – to -- and the like), in column 3 – date, in column 4 – indication that cash invoices are in question as “cash collection at a till No. ---”, and similar, column 5 shall not be completed and the amount of these invoices (cash collections) shall be entered into column 6. In this column a taxpayer may, on the basis of the documents on daily turnover, enter the cash turnover for the entire accounting period in one amount.
- b) cash turnover without the bill referred to in Article 117 of this Book of Rules. In this case, an indication of a selling place, kiosk and similar shall be entered in column 2, in column 3 – date, other data shall be entered in the manner referred to in item 1 of this paragraph,
- c) invoices for supplies without consideration or under personally granted discount,
- d) subsequent corrections of invoices.

(3) After making out invoices for supply of goods or services for which advance payment has been received and an invoice issued within the meaning of the provisions of the Law and this Book of Rules, an invoice for advance payment shall be cancelled in the Book of Outgoing Invoices and an invoice for supplied goods or services shall be entered into the Book of Outgoing Invoices for supplied goods and services.

### Article 123

#### **Book of Incoming Invoices**

(1) The following information shall be entered into the Book of Incoming Invoices:

- a) ordinal number (column 1),
- b) invoice number (column 2),
- c) date of issuing invoice (column 3),
- d) name of the supplier of goods or services and his seat, that is his domicile or normal place of residence (column 4)
- e) identification number or unique identification number of the supplier (column 5).
- f) amount of invoice without included tax (column 6),
- g) total amount of invoice with included tax (column 7),
- h) amount of lump sum consideration (column 8),
- i) total amount of input tax contained in invoices from column 7 (column 9),
- j) deductible input tax (column 10); and
- k) non-deductible input tax (column 11).

(2) Upon receiving an invoice for supplied goods and services for which advance payment has been made, the invoice for the made advance payment and all data shall be cancelled (invalidated) in the Book of Received Invoices for Advance Payments, and an invoice for supplied goods and services shall be properly entered into the Book of Incoming Invoices for Received Goods and Services.

(3) Data on subsequent corrections of input tax shall be entered into the Book of Received Invoices within the meaning of the provision of Article 36 of the Law.

Article 124  
**Obligation to Conclude Books**

(1) Books of Outgoing and Incoming Invoices shall be concluded for each fiscal year and on the cessation of activity.

(2) During a year, for each accounting period, amounts entered into the Book referred to in paragraph 1 of this Article shall be added up and used for completing a tax return.

(3) A cumulative amount of tax for the accounting period shall be entered into the Book of Incoming Invoices and into the Book of Outgoing Invoices.

Article 125  
**Taxpayers Not Being Obligated to Specially Keep Books and Records**

(1) If a taxpayer provides in his accounts all information required for the assessment of the tax base, that is, tax and input tax, he shall not be obliged to separately keep books and records laid down in this Book of Rules.

Article 126  
**Adjustment of Forms and Books to Automatic Data Processing**

(1) The forms and books from this Book of Rules may be adjusted to automatic data processing, provided that at least minimum prescribed data must be provided.

XVI SPECIAL SCHEME FOR TAXPAYERS-DEBTORS IN COMPLIANCE WITH  
ARTICLE 66 OF THE LAW

Article 127  
**Notion of Special Scheme**

(1) When introducing the obligation of VAT payment under the special scheme for the taxpayer-debtor, in compliance with Article 66 of the Law, the ITA shall assess the following elements related to the taxpayer–receiver of supply:

- a) amounts of fiscal and other debts,
- b) risk for public revenues, including the assessment of the probability of collection of a VAT debt without introducing the special scheme,
- c) level of risk for increasing the debt,
- d) history of the taxpayer' behaviour,
- e) general taxpayer's economic prospects for the future.

(2) The main sources of information to be assessed shall be data for the previous year(s) and a business plan and budgets if they exist.

Article 128  
**Introduction of Special Scheme**

(1) At least 30 days prior to issuing a decision on introduction of the special scheme, the Authority shall notify the taxpayer-debtor, that it intends to introduce the special scheme on the basis of available information.

(2) The taxpayer-debtor shall be notified in the letter of intent and invited to undertake appropriate steps in order to settle the VAT debt through payment of an instalment or through other arrangements.



(3) The taxpayers the special scheme has been imposed on shall include the following clause on his invoices for supplies to persons registered for VAT: “The amount of VAT indicated in this invoice shall be paid to the Authority with reference to our identification number.”

(4) A decision establishing the liability of payment under the special scheme shall be published in the “Official Gazette of BiH” and in at least three most read daily newspapers and shall be displayed on a prominent place in business offices together with the certificate of VAT registration.

#### Article 129

#### **Liabilities of the Registered Taxpayer-Receiver of Supply (Purchaser)**

(1) The person registered for VAT who purchases goods and services from a supplier on which the ITA has imposed the special scheme shall pay the VAT amount directly to the Authority.

(2) VAT amounts withheld during a tax period shall be paid until 5<sup>th</sup> day of a month for the previous tax period. Within the same deadline, the VAT taxpayer shall be required to submit to the Authority a list with data for the previous tax period, for each registered taxpayer-debtor, on:

- a) the amount of VAT withheld,
- b) the indirect tax identification number of the supplier of goods or services; and
- c) the indirect tax identification number of the receiver of goods or services that withheld the amount of VAT.

#### Article 130

#### **Lifting of Special Scheme**

(1) The special scheme shall be lifted if the taxpayer-debtor renders payment of the outstanding amount or provides a sufficient guarantee for the settlement of the debt.

(2) A decision on lifting the special scheme shall be published in the “Official Gazette of BiH”.

### XVII LEGAL REDRESS

#### Article 131

#### **Legal Redress**

(1) The right of the VAT payer to lodge an appeal against any decision issued by the Authority, the acting of the first and second instance authority under the appeal and the initiation of an administrative lawsuit are laid down in the Law on Indirect Taxation Procedure, in compliance with Article 2, paragraph 2 of the said Law.

### XVIII PENALTY PROVISIONS

#### Article 132

#### **Offences**

(1) A taxpayer that breaches the obligations referred to in Article 128, paragraphs 2 and 3 and Article 129 of this Book of Rules shall be liable to a fine ranging from KM 1,000.00 to 10,000.00.

(2) The responsible person in a legal entity who is responsible for the breach referred to in paragraph 1 of this Article shall be liable to a fine ranging from KM 500.00 to 5,000.00.

## XIX INTERIM AND FINAL PROVISIONS

### Article 133

#### **Supply Rendered before 31/12/2005**

(1) The provisions of this Book of Rules Law shall apply to any supply of goods and services and import of goods rendered before after 31/12/2005.

(2) As on 31/12/2005 the supplier shall be obliged to provide his clients with invoices for all non-recovered supplies of products, goods and services which are rendered in full or partly. The supplier shall be also obliged to calculate sales tax if the supply in question is taxable in compliance with the regulations regulating the taxation on the mentioned basis.

(3) Sub-contractors shall be obliged to provide to the main contractor a calculation for the interim or final certificate of completed construction works as on 31/12/2005 inclusive.

(4) A list of issued but non-recovered invoices, which shall be submitted to the responsible Regional Centre of the Authority, shall contain:

- a) purchaser's name,
- b) purchaser's identification number,
- c) invoice number,
- d) date of issuing the invoice,
- e) calculation of sales tax on products and services under each invoice.

(5) The obligation to make a list of issued but non-recovered invoices shall pertain to invoices under which supply of goods and services has been carried out and in which the supplier calculated sales tax, but it has not been paid.

(6) If products, goods or services are supplied continuously or in parts on the basis of a previously concluded contract, the provisions of the Law shall apply to that part of supply rendered as of 01/01/2006 and the provisions of the regulations regulating sales tax shall apply to that part of supply rendered and calculated to the purchaser as on 31/12/2005 inclusive.

(7) The obligation to cancel and invalidate in their bookkeeping system the accounts in relation with which no supply of goods and services was rendered, shall also pertain to invoices for advance payments which have not been recovered until 31/12/2005.

### Article 134

#### **Final Calculation of Sales Tax**

(1) Time limits for payment of sales tax on products and services are regulated by the regulations regulating the taxation with sales tax, with the exception of sales tax that is contained in a non-recovered realisation as on 31/12/2005 and which is due for payment in compliance with Article 74, paragraph 3 of the Law.

(2) Payers of sales tax on products and services shall be obliged to provide the ITA with a copy of final calculation of sales tax on products and services for 2005. The original of the final calculation of sales tax on products and services for 2005 shall be filed with relevant Tax Administrations of the Entities and the Brčko District no later than 15/02/2006.

(3) The Tax Administrations of the Entities and the Brčko District shall be responsible for the procedure of control of the taxpayers reported in the final calculation of sales tax on products and services for the period from 01/01 to 31/12/2005.

Article 135  
**Stock of Goods in Retail Sale**

(1) The registered VAT taxpayers who perform retail sale and catering activities as on 31/12/2005 shall be obliged to:

- a) make an inventory of goods in stock,
- b) cancel sales tax incorporated in goods in stock,
- c) establish the value of goods in stock without sales tax, and, on such an established tax base, calculate VAT by applying the prescribed rate, and
- d) file inventory lists and VAT calculation to the Authority until 10/01/2006.

(2) The sales tax payers that are not registered as VAT taxpayers shall be obliged to:

1. make an inventory of goods in stock,
2. establish the value of goods in stock, and, on such an established tax base, calculate VAT by applying the prescribed rate,
3. file inventory lists to the Authority until 10/01/2006, and
4. pay the VAT amount calculated under item 2. of this paragraph until 28/02/2006.

(3) Retail sale traders and caterers of excisable products who are not VAT taxpayers and who have excisable products in stock as on 31/12/2005 and if they possess evidence that sales tax on products is paid for the said goods, such a paid sales tax shall be treated as paid VAT in the sense of formulation "VAT account" referred to in Article 76, paragraph 4 of the Law on VAT.

(4) The organisational unit of the Authority authorised to receive the inventory lists referred to in paragraphs 1, 2 and 3 of this Article shall be that organisational unit within the Regional Centre where the taxpayer's seat, that is, place of residence is.

(5) The payment of a VAT amount calculated under paragraph 2, item 4 of this Article shall be made into the prescribed account.

Article 136  
**Stocks of Excisable Goods**

(1) The taxpayers registered for VAT who, in the pursuance of the their business activities, apply or dispose of excisable goods on which the sales tax was paid by the importer or the producer shall, as on 31/12/2005, be obliged to:

- a) make an inventory of stocks of excisable goods,
- b) assess sales tax on products included in stocks of excisable goods,
- c) enter the assessed sales tax into analytical account of input tax,
- d) calculate and pay VAT on the stocks of excisable goods in compliance with the general provisions of the VAT Law, and
- e) file inventory lists to the Authority no later than 10/01/2006.

(2) Taxpayers shall assess the amounts of sales tax included in stocks referred to in paragraph 1 of this Article on the basis of the document in which the supplier or producer or importer has assessed sales tax on products. If the taxpayer does not possess the document in question, the assessed sales tax may not be recognised as input tax.

Article 137  
**Construction Activity**

(1) The persons who are VAT taxpayers in compliance with the Law shall be liable to make an inventory of newly erected building facilities as on 31/12/2005, which are defined in Article 4, paragraph 3, item 4 of the Law and Article 8 of the Book of Rules, and also of

construction facilities the construction of which is in progress and submit the inventory lists to the Authority no later than 15/01/2006.

(2) Newly constructed construction facilities or economically divisible units within such facilities shall be taken to also include the facilities the construction of which had commenced before 31/12/2005 and continued on 01/01/2006.

(3) The base for assessment of VAT for the first transfer of the right to dispose of the facilities referred to in paragraph 2 of this Article shall be determined in such a way that the total amount of consideration for the facilities generated on the first transfer of the right to dispose of them is reduced by the cost price of the facilities in which the paid sales tax on products and services is included.

(4) The cost price of the facilities referred to in paragraph 3 of this Article shall, in addition to the value of material and services for the construction of a facility, also include the consideration for the arrangement of construction plots, construction preparatory works, displacement, consideration for the development of technical documentation for the construction of the facilities, salaries and other personal earnings, and other costs of business operation directly linked with the construction of the facilities.

(5) If the facility is built until 31/12/2005 and the first transfer of the right of disposal is carried out after 01/01/2006, the base for VAT assessment shall be determined in compliance with paragraph 3 of this Article.

#### Article 138

#### **General Obligation of Making an Inventory**

(1) The taxpayers that show their goods in stock at selling prices with included tax shall, when reducing, increasing or cancelling the tax, be liable to make an inventory of stocks and determine prices with included tax at new tax rates on the date of commencement of the application of the regulations regulating tax increase, reduction or cancellation.

#### Article 139

#### **Competence for Procedures Initiated before the Law Comes into Force**

(1) Any sales tax on products and services, which the taxpayer owes under the provisions of the Law on Sales Tax on Products and Services, shall be paid within the terms and in the manner as laid down in the provisions of that Law.

(2) The Law on Sales Tax on Products and Services and other rules regulating the areas in question, which were in force before the commencement of the application of this Law, shall apply to any liabilities of sales tax on products and services incurred before the commencement of the application of this Law, in respect of their determination, appeal process, renewal of the procedure, statute of limitations, collection, enforced collection and refunding and conducting of the offence procedure.

#### Article 140

#### **Entry into Force**

(1) This Book of Rules shall come into force on the next day following its publication in the "Official Gazette of Bosnia and Herzegovina" and shall apply as of 01/01/2006.

(2) After this Book of Rules comes into force, the Book of Rules on the Implementation of the Law on Value Added Tax ("Official Gazette of Bosnia and Herzegovina", No. 52/05) shall be repealed.

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No. 9991-1/05  
16<sup>th</sup> December 2005

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Chairman  
Of the Governing Board  
**Joly Dixon, signed**

## STANDARD

FOR DETERMINING EXPENDITURES ON WHICH NO VALUE ADDED TAX SHALL  
BE PAID

Ord. No.	DESCRIPTION	RATE in %
1	2	3
	<b>PRODUCTION</b>	
	<b>Production of ethyl alcohol</b>	
1	Ethyl alcohol	0.30
	<b>Production of alcoholic drinks</b>	
1	Ethyl-alcohol	0.30
2	Whiskey and other distillates	0.50
3	Wine in bulk	3.00
4	Brandy in bulk	3.00
5	Packaging material (glass bottles)	1.00
6	Other packaging materials	0.50
7	Finished products	1.00
	<b>Production of refreshing non-alcoholic drinks</b>	
1	Raw material and reproduction material	0.50
2	Packaging material	0.30
3	Finished products	0.30
	<b>Production and supply of oil products</b>	
1	Special types of petrol	0.15
2	Motor, jet and other types of petrol	0.425
3	Diesel fuel	0.325
4	Heating oil	0.325
5	Other products, except for motor and mineral oils	0.06
6	Motor oils and other lubricating oils, other mineral and other oils	0
	<b>Production of cigarettes</b>	
1	Cigarettes and other tobacco products	0
	<b>Production of luxury products</b>	
1	Luxury products of all types and shapes made of more than 2% of gold and other precious metals and products made of more than 50% of silver	0
2	Natural wood, stones and natural pearls and products of all types and shapes made of natural precious stones and natural pearls	0
3	Skins of reptiles and all products made of that skin, as well as natural fur and products made of that fur, if the share of skin or fur in a product is at least 50%.	0
	<b>RETAIL SALE</b>	
1	Fruit	
	- citrus fruit (oranges, lemons, bananas, tangerines, pine apples and the like)	3.00
	- walnut, almond, hazel nut, chestnut, carob	1.70
	- berries, fresh figs	4.00
	- apples, pears, plums, quinces, water melons	3.00
	- stone-fruit: apricot, peaches, cherries and morello cherries	4.00

	- dried fruit - plums	1.00
	- dried fruit – figs etc.	1.00
	- exotic fruit	3.00
	- other types of fruit	1.80
2	Vegetables	
	- pickled cabbage in bulk	4.00
	- cabbage, kale, Swiss chard, frees green salad	4.00
	- runner beans, peas, paprika, tomato and courgette	3.20
	- potato and early carrot, celery, parsley	3.50
	- frozen fruit and vegetables - packed	0.50
	- potato, carrot, onion	1.50
	- common beans	0.80
	- mushroom, button mushroom - fresh	4.00
	- other vegetables	0.80
3	Flowers	
	- fresh flowers (of different types)	4.00
	- flowers, other	2.50
4	Cereals	
	- wheat, barley, oats, corn and other cereals	0.20
5	Other foodstuffs	
	- flour (corn and wheat) and rice in bulk	1.00
	- flour (corn and wheat) and rice, packed	0.50
	- poppy and wheat bran	0.80
	- rolls and buns, all types	0.50
	- industrial cakes	1.00
	- flour products (crisp bread, crumbs, biscuits)	0.50
	- ice cream, cream	1.00
	- fresh eggs	1.00
	- honey	0.20
	- vinegar, alcoholic, wine and fruit	1.00
	- sugar (granulated, castor sugar, sugar in cubes)	1.00
	- edible salt (sea, stone and vacuumed)	1.00
	- canned vegetables (all types of packages)	1.00
	- ready made and semi-ready made meals	0.30
	- candies and other products made of sugar	0.30
	- chocolate and products made of chocolate and cocoa	1.00
	- coffee of all types, packed	0.80
	- spices, original and teas	0.80
	- edible fat	0.80
	- edible oil in bottles	1.00
	- other	0.50
6	Drinks – alcoholic and non-alcoholic	
	- in bottles and other packages	0.70

7	Meat, smoked and cured meats and fish	
	- fresh meat	1.80
	- fresh fish	2.30
	- frozen fish	1.00
	- smoked fish	0.50
	- fresh bacon, tallow, leaf lard, lard (melted) – fresh bacon, tallow, leaf lard, lard (melted)	0.80
	- smoked and cured meat products and vacuumed meat	1.00
	- other	0.80
8	Fodder	2.00
9	Chemical products	
	- varnish, colours and lacquers, putty	1.00
	- washing powders	1.30
	- cleaning agents	1.00
	- cosmetic and hygienic products	1.00
	- other chemical products	1.00
10	Construction material	
	- cement, gypsum	1.80
	- marble slabs	1.00
	- asbestos boards and pipes	2.00
	- sand, gravel	3.00
	- insulating materials (glass and stone wool)	2.00
	- tar paper, for roofs	1.50
	- roofing tiles, bricks, assembly blocks and joists	2.00
	- concrete products (pipes, slabs, cubes)	1.00
	- sawn timber and slabs of wood	1.50
	- other construction materials, except for construction joinery	1.50
	- construction joinery	0
11	Fuel	
	- charcoal in bulk	3.00
	- coal in sacks	0.50
	- lignite in bulk	2.00
	- other types of coal	1.00
	- firewood	1.00
12	Other	
	- flat and hollow glass, except for optic glass	1.50
	- ceramics and porcelain	1.00
	- cordage	0.20
	- metal dishes (enamelled and non-enamelled)	0.50
	- dishes made of glass, porcelain and ceramics	1.50
	- sanitary installations made of ceramics	1.00
	- various children's toys	0.50
	- gramophone records, cassettes and sound carriers	1.00



- video tapes, photographic films	1.00
- yard goods	1.50
- hosiery	1.00
- other textile goods	1.50
- bulbs	2.00
- batteries	2.00
- stationary	1.00
- cigarettes and other tobacco products	0
- motor oils and other lubricating oils, other mineral and other oils	0
- luxury products of all types and shapes made of more than 2% of gold and other precious metals and products made of more than 50% of silver	0
- natural precious stones and natural pearls and products of all types and shapes made of the natural precious stones and natural pearls	0
- reptile skins and all products made of that skin, as well as natural fur and products made of that fur, if the share of skin and fur in a product is at least 50%	0
- other, not elsewhere specified	0.50
<b>WHOLESALE TRADE</b>	
- all products mentioned for retail sale	50% of the retail sale percentage