**Subject: Explanatory notes regarding the calculation and payment of value added tax for passenger transportation services performed by a foreign passenger carrier on the territory of Bosnia and Herzegovina, shall be submitted**

Pursuant to Article 8, of the Book of Rules on Amendments to the Book of Rules on the Application of the Law on Value Added Tax (VAT), (*Official Gazette of BiH*, number 47/20) a new Article 78a, shall be added.(Calculation and payment of VAT by a foreign passenger carrier), which regulates the calculation and payment of value added tax (VAT) for passenger transportation services provided by a foreign passenger carrier on the territory of Bosnia and Herzegovina, and prescribes the appropriate forms to be used for this upon entry and when leaving the territory of Bosnia and Herzegovina, depending on whether the foreign passenger carrier is registered in Bosnia and Herzegovina through a tax representative based in Bosnia and Herzegovina or whether the foreign passenger carrier is not registered in Bosnia and Herzegovina through a tax representative.

Given that the taxation procedure for passenger transportation services performed by foreign passenger carriers on the territory of Bosnia and Herzegovina is prescribed in the aforementioned Article 78a. of the Book of Rules on Amendments to the Book of Rules on the Application of the Law on Value Added Tax is carried out at the customs office at the border crossing point of entry of a foreign carrier of passengers into BiH *(hereinafter: customs office of entry),* or at the customs office at the border crossing point of exit from BiH of a foreign carrier of passengers from BiH *(hereinafter: exit customs office)*, therefore, in connection with the aforementioned taxation, and with the aim of uniform treatment of the competent organisational units of the Customs Sector, we provide certain clarifications as follows in the text .

**I - SUBJECT OF TAXATION, TAXPAYER, FORMS**

**1. The subject of taxation** shall apply to any passenger transport (bus, minibus and other vehicle licensed to transport passengers) performed by a foreign passenger carrier on the territory of Bosnia and Herzegovina.

It includes scheduled (regular) and (non-scheduled) transportation, transportation to the destination in BiH and back, transportation across the territory of BiH (transit) - every crossing (transportation) across the territory of BiH.

**2. The taxpayer shall apply to:**

- any person who transports passengers on the territory of Bosnia and Herzegovina, and who does not have a seat or residence in Bosnia and Herzegovina (foreign entrepreneur, legal entity, etc.),

- a tax representative with headquarters in the territory of BiH appointed by a foreign passenger carrier and who has rights and obligations in accordance with Article 60 of the Law on Value Added Tax (*Official Gazette of BiH*, no. 9/05, 35/05, 100/ 08 and 33/17).

**3. Calculation and payment of VAT** by the foreign carrier of passengers is carried out using prescribed **forms,** namely:

3.1. Form **SPP-VAT I** — Application for passenger transportation — which is filled out by a foreign passenger carrier who has a tax representative in BiH and submits it to the customs office for certification, in two copy, upon entry and exit from the territory of Bosnia and Herzegovina, one copy of which is kept by the acting entry and exit customs office;

3.2. Form **SPP-VAT** — Application for calculation of VAT to a foreign carrier of passengers who does not have a tax representative on the territory of BiH — which form the foreign carrier of passengers fills in and submits to the entry or exit customs office upon entry or exit from BiH;

3.3. Form **SPP-PDV UC** — Certificate of calculated VAT for a foreign passenger carrier that does not have a tax representative on the territory of BiH — which is filled out and issued by the entry customs office (when the foreign passenger carrier enters BiH) in two copies, according to the data from the SPP-VAT form;

3.4. Form **SPP-VAT IC** — Certificate of the amount of total calculated and paid VAT that was calculated to a foreign passenger carrier that does not have a tax representative in BiH — issued by the exit customs office (when leaving BiH), in two copies, before the foreign passenger carrier leaves the territory Bosnia and Herzegovina.

**II - ACCESS PROCEDURE**

The foreign passenger carrier declares whether it has a tax representative in BiH and, depending on that, submits the SPP-VAT I form, or the SPP-VAT form.

**4. Proceedings *upon entry*, when a foreign passenger carrier *has* a tax representative in BiH:**

4.1. A foreign carrier of passengers **who has a tax representative in BiH**, ***when entering*** *BiH,* fills out and submits the **SPP-PDV I** form to the entry customs office for certification, in two copies;

- on the ITA website <https://\v\vw.uino.gov.ba/portal/bs/novosti/strani-prevoznici->putnika/. This form is available in each of the languages in official use in BiH, as well as in English, as well as the notification to foreign passenger carriers about the entry into force of the Ordinance on Amendments to the Ordinance on the Application of the Law on Value Added Tax (*Official Gazette of BiH*, number 47/20),

- the entry customs office will provide a printed SPP-VAT I form, which, if the foreign passenger carrier does not already have this form, can be given to the carrier to fill in, after which

- the foreign passenger carrier fills in and signs the **SPP-PDV I** form, in two copies, and submits it for certification to the customs office of entry;

4.2. The acting customs officer of the entry customs office enters the information from the submitted **SPP-PDV I** form in the Information subsystem "ExDisc 2011 - Passenger Carrier" (hereinafter: "ExDisc 2011") in the manner specified in the Explanation from point 10 of this act;

4.3. When entering "ExDisc 2011", **if it is about transit** (there is no destination station in Bosnia and Herzegovina) during which the entire route through Bosnia and Herzegovina from the border crossing (BC) at the time of entry to the BC at the time of exit is covered, the **field "TR"** is checked;

4.4. The entry customs office checks the data specified in the SPP-VAT I form:

- registration - the name of the representative and whether it is the representative of a foreign passenger carrier,

■ **by checking in the system** that the proxy with the specified **ID** number is registered in the Unified register of indirect tax payers,

■ **visually**, whether the name of the representative refers to that foreign passenger carrier (the name of the representative during registration states the name of the obligor he represents (for a foreign passenger carrier named e.g. "NORDTURIST", GmbH Germany, the representative would bear the name e.g. "NORDTURIST " GmbH Germany represented by tax attorney ŠPED ŠPED d.o.o.),

- number of passengers,

- logical control of the stated number of kilometers traveled by the vehicle in Bosnia and Herzegovina,

- visual control of the correctness of the stated VAT amount in field 14 of the form,

■ calculation of the amounts in fields 10, 11, 12, 13 and 14 is done automatically in "ExDisc 2011", and if the amount in field 14 of the SPP-VAT I form submitted by the foreign passenger carrier does not correspond to the amount shown in "ExDisc 2011 "the acting customs officer points out to the transporter the discrepancy that occurred in any of the fields 10, 11, 12, 13 and 14, which may result in the incorrect reporting of the liability by his tax representative in the VAT report;

- if the foreign passenger carrier does not correct the incorrectly stated amounts in field 10, 11, 12, 13 or 14 in the SPP-PDV I form, without further inquiry, the amounts stated in "ExDisc 2011" are confirmed in "ExDisc 2011" on the same way as in the case where no deviation was established;

4.5. The entry customs office certifies both copies of the submitted SPP-VAT I form by stating the number and date from the controller where it was recorded in "ExDisc 2011", after which one copy of the form is returned to the foreign passenger carrier, and the other copy is kept;

4.6. The entry customs office does not charge the form SPP-VAT I in the Other Income Information System (hereinafter: ISOP);

4.7. There is no obligation to pay VAT.

**Procedure *upon entry*, when the foreign passenger carrier *does not have* a tax representative in BiH:**

5.1. A foreign carrier of passengers **who does not have a tax representative in BiH**, ***when entering*** *BiH*, fills out and submits the **SPP-VAT** form to the entry customs office for certification, in two copies;

- this form is available on the ITA website <https://\vww.uino.gov.ba/portal/bs/novosti/strani->prevoznici-putnika/ in each of the languages in official use in BiH, as well as in English , as well as a notification to foreign passenger carriers on the entry into force of the Ordinance on Amendments to the Ordinance on the Application of the Value Added Tax Act (*Official Gazette of BiH*, number 47/20),

- the entry customs office will provide a printed SPP-VAT form which, if the foreign passenger carrier does not already have a form, can be given to the carrier to fill in, after which

- the foreign passenger carrier fills in and signs the **SPP-VAT** form, in two copies, and submits it for certification to the customs office of entry;

5.2. The acting customs officer of the entry customs office enters the data from the submitted **SPP-VAT** form in "ExDisc 2011" in the manner specified in the Explanation from point 10 of this act;

5.3. When entering "ExDisc 2011", if it is a transit (there is no destination station in Bosnia and Herzegovina) where the entire route through Bosnia and Herzegovina from the BC on entry to the BC on exit is included upon entry, the field "TR" is checked;

5.4. The entry customs office checks the data specified in the SPP-VAT form:

- number of passengers,

- logical control of the stated number of kilometers traveled by the vehicle in Bosnia and Herzegovina,

- visual control of the correctness of the stated VAT amount in field 14 of the form,

- calculation of amounts in fields 10, 11, 12, 13 and 14 is done automatically in "ExDisc 2011",

- creation of the SPP-VAT UC Confirmation number **shall be done** automatically in "ExDisc 2011";

5.5. The entry customs office certifies both copies of the submitted form SPP-VAT by indicating the number and date from the control where it is recorded in "ExDisc 2011" and returns one copy to the foreign passenger carrier together with the SPP-VAT UC Certificate issued by that office in two copies, from one copy of which is kept by that office;

5.6. The entry customs office informs the foreign passenger carrier that:

- payment of the total amount of the obligation (for the entire route through BiH) can be made in cash at the exit from BiH (at the exit customs office), or

- if he will not pay the full amount in cash, on exit from Bosnia and Herzegovina, that he can do the same according to the parameters from the instructions for filling out the payment slip;

5.7. If the foreign passenger carrier decides not to make full amount payment in cash when leaving BiH, the entry customs office informs the foreign passenger carrier that it is obliged to present proof of payment to the exit customs office in the manner specified in the Instructions for filling out the payment form, which delivers to him, and that in the total amount of VAT, which represents the sum of the amount specified in the SPP-VAT UC Certificate and the calculation in the same way of that VAT (calculation is done by the foreign passenger carrier itself) for any route from the destination in BiH to the BC exit from BiH. When handing over the Instructions for filling out the payment form to a foreign passenger carrier, the entry customs office enters the code of the municipality for the payment of public revenues to which that entry customs office belongs in the provided field;

5.8. The entry customs office that issued the SPP-VAT UC Certificate does not charge it to ISOP;

5.9. At this moment, there is no obligation to pay VAT at the entry customs office.

**III - EXIT PROCEDURE**

**6. Proceedings *upon exit*, when the foreign passenger carrier *has* a tax representative in BiH**

6.1. A foreign passenger carrier **that has a tax representative in Bosnia and Herzegovina*, leaving*** *Bosnia and Herzegovina*, fills in and submits the **SPP-PDV I** form to the exit customs office for certification, in two copies (relation 2), on the basis of which that office enters data into "ExDisc 2011";

- entry in "ExDisc 2011" of data from fields 1 to 9 of the submitted form **SPP-VAT I** (if field **"TR"** is not checked) shall be performed by the customs office of exit, with a reference to the control number when entering BiH;

- if it is a transit (there are no changes in the number of passengers or the destination station in BiH) where the entire transport route through BiH is included upon entry, the foreign passenger carrier does not fill in fields 7, 8 and 9 of the SPP-VAT I form (or states 0 ), because in that case there are no changes in the data of the SPP-VAT I form in relation to the SPP-VAT I form that was certified by the customs office of entry upon entering BiH. Namely, by entering the reference number of the SPP-PDVI form certified when entering BiH, the specified fields are automatically filled in "ExDisc 2011". If the foreign carrier of passengers does not submit a transport declaration upon exiting BiH, which contains the same information as on the transport declaration (SPP-VAT I form) when entering BiH, the presentation of a copy of the SPP-VAT I form can be accepted as a declaration of the foreign passenger transporter upon exiting BiH, certified upon entry into BiH (recorded in "ExDisc 2011" under SPP-VAT I - TR), whereby the customs office of exit certifies the presented copy of the SPP-VAT I form and returns it to the carrier, while making a copy of it for entry purposes data in "ExDisc 2011";

6.2. The exit customs office checks the data from the SPP-VAT I form:

- registration - the name of the representative and whether it is the representative of a foreign passenger carrier,

■ checking in the system whether the proxy with the specified ID number is registered in the Unified register of indirect tax payers,

■ visually, whether the name of the representative refers to that foreign passenger carrier (the name of the representative during registration states the name of the obligor he represents (for a foreign passenger carrier named, for example, "NORDTURIST", GmbH Germany, the representative would bear the name, for example, 'NORDTURIST " GmbH Germany represented by tax attorney ŠPED ŠPED d.o.o.),

- number of passengers,

- logical control of the stated number of kilometers that the vehicle travels in Bosnia and Herzegovina, where it is necessary to pay attention that, if it is not a question of an application that is checked with "TR", in that case the number of kilometers from the destination in Bosnia and Herzegovina to the exit GP is entered,

- visual control of the correctness of the stated VAT amount in field 14 of the form

■ calculation of the amounts in fields 10, 11, 12, 13 and 14 is done automatically in "ExDisc 2011", and if the amount in field 14 of the SPP-VAT I form submitted by the foreign passenger carrier does not correspond to the amount shown in "ExDisc 2011 "the acting customs officer points out to the carrier a deviation that occurred in one of the fields 10, 11, 12, 13 and 14, which may result in the incorrect reporting of the obligation by his tax representative in the VAT return;

- if the foreign passenger carrier does not correct the incorrectly stated amounts in field 10, 11, 12, 13 or 14 in the SPP-PDV I form, without further inquiry, the amounts stated in "ExDisc 2011" are confirmed in "ExDisc 2011" on the same way as in the case where no deviation was established;

6.3. The exit customs office certifies both copies of the submitted SPP-VAT I form by stating the number and date from the control where it is recorded in "ExDisc 2011", after which one copy is returned to the foreign passenger carrier, and the other copy is kept;

6.4. If there is no information in "ExDisc 2011" and the foreign passenger carrier presents a certified copy of the **SPP-VAT I** form when entering BiH, the exit customs office fills in the "ExDisc 2011" form **SPP-VAT I - TR** for the entire route through BiH (and according statement of the foreign carrier of passengers, i.e. with the data on the transport route from the inbound BC to the outbound BC), and then discharges that form by filling in the data for **SPP-VAT I** when leaving BiH;

6.5. The entry customs office does not charge the SPP-VAT I form in ISOP;

6.6. There is no obligation to pay VAT.

**Proceedings** *upon exit*, when the **foreign passenger carrier** *does not have* **a tax representative in Bosnia and Herzegovina:**

7.1. A foreign carrier of passengers **who does not have a tax representative in BiH**, *leaving BiH*, fills out and submits the SPP-VAT form for certification to the exit customs office, in two copies (relation 2), on the basis of which that office enters data into "ExDisc 2011";

- exit customs office will provide a printed SPP-VAT form which, if the foreign passenger carrier does not already have a form, can be given to the carrier to fill in, after which

- the foreign passenger carrier fills in and signs the **SPP-VAT** form (for route 2 - from the destination in BiH to the exit BC), in two copies, and submits it for certification to the exit customs office, on the basis of which that office enters data into "ExDisc 2011 ",

- if it is a **transit** (there are no changes in the number of passengers or the destination station in BiH) in which *the entire transportation route through BiH is included upon entry*, the foreign passenger carrier does not fill in fields 5, 6 and 7 of the SPP-VAT form (or states 0), because in that case, there are no changes in the data of the SPP-VAT form in relation to the SPP-VAT form that was certified by the customs office of entry upon entering BiH. Namely, by entering the call to the control number of the SPP-VAT form certified when entering BiH, the specified fields are automatically filled in "ExDisc 2011". If the foreign carrier of passengers does not submit a transport application upon exiting BiH, which contains the same information as on the transport application when entering BiH, the presentation of the SPP-VAT form certified upon entry to BiH can be accepted as an application of the foreign passenger carrier upon exiting BiH ( in "ExDisc 2011" recorded under SPP-VAT - TR), whereby the customs office of exit certifies the presented copy of the SPP-VAT form and returns it to the carrier, along with making a copy of it for data entry purposes in "ExDisc 2011";

7.2. In addition to the completed **SPP-VAT** form from point 7.1. second indent, i.e. copies of the **SPP-VAT** form from point 7.1. third indent of this act, the foreign carrier of passengers when leaving BiH is obliged to present a copy of the *SPP-PDV UC Certificate* certified by the customs office of entry when entering BiH;

7.3. If the foreign passenger carrier does not have and does not present a copy of the *SPP-VAT UC Certificate* at the exit from BiH, which is certified by the customs office of entry upon entry into BiH, and if the same form is not recorded in "ExDisc 2011", the foreign passenger carrier upon exit from BiH fills in and signs the **SPP-VAT** form, in two copies, and submits it for certification to the exit customs office, in which he is obliged to indicate the number of kilometers through BiH on the route from the entry BC to the exit BC. The exit customs office enters the data from the **SPP-VAT** form by *creating the SPP-VAT UC Certificate, since it was not created when entering BiH;*

7.4. Based on the data from the SPP-VAT form from point 7.1. that is, from point 7.1. second indent (and possibly from the **SPP-VAT** form made upon exit from BiH in accordance with point 7.3 of this act), the exit customs office prepares and issues the SPP-VAT IC Certificate.

7.5. Data from fields **1** to **9** of the **SPP-VAT** form are entered in "ExDisc 2011" by the customs office of exit, where it is necessary to pay attention to the number of kilometers to be entered only for the route from the destination in BiH to the exit BC:

7.6. If, according to the reference number of the form (Certificate) SPP-VAT UC, the same in "ExDisc 2011" is confirmed in the field **"TR''** when entering it, it is necessary to pay attention that the data in fields 1 to 8 are not entered (such as stated in point 6.1. second indent of this act - the values are entered automatically by "ExDisc 2011"). However, if there is a difference in the data on the number of kilometers in BiH, the number of passengers and the total value of all tickets in relation to the data from the SPP-VAT UC Certificate, then when entering the "ExDisc 2011" field **"TR"** is not confirmed (checked), but the difference is entered between previous and new data;

7.7. A foreign passenger carrier that has decided not to pay VAT in cash when leaving BiH is obliged to present to the customs exit office, the proof of payment (copy of payment slip/s) an amount of VAT that is equal to the amount of total calculated VAT in the SPP-VAT IC Certificate;

7.8. The foreign passenger carrier, according to the principle of calculation on the SPP-VAT UC Certificate, *before leaving the territory of BiH*, calculates the amount of VAT which, by referring to the number of the SPP-VAT UC Certificate, pays (electronic payment or payment via payment slip at the bank, post office) before leaving the territory BiH for every transport.

7.9. A foreign passenger carrier that did not make a partial or full payment in accordance with the SPP-VAT UC Certificate has the option to make payment at the exit customs office by depositing in cash the total amount of VAT determined according to the issued SPP-VAT IC Certificate.

7.10. After presenting proof of payment, i.e. upon receipt of a cash deposit, in the total amount of calculated VAT according to the SPP-VAT IC Certificate, the customs office of exit delivers to the foreign passenger carrier a Certificate of the total amount of calculated and paid VAT - SPP-VAT IC form;

7.11. For cash deposits received on one date or a certain period, the customs office of exit creates a Specification in "ExDisc 2011", which includes all the SPP-VAT IC Certificates (forms) according to which cash collection was made for that date or period.

The Specification is created for all payments in full amount in cash at the BC exit since the last Specification created, without taking into account the possibility of choosing a specific form, date or period;

7.12. According to the created Specification, the customs office of exit makes the payment in cash of VAT included in the Specification, with a reference to the number of the Specification.

**IV - PROCEDURE IN ISOP**

8.1. The debiting of obligations in ISOP is carried out by the customs officer of the exiting customs office based on the following documents:

- Specifications and

- Certificates of SPP-VAT IC, according to which the Specification was not drawn up;

8.2. The following elements are used when debiting a document to ISOP:

- controller number: 44

- type of income: 717111

- document number: reference to the number (the number specified on the Specification, that is, the number of the SPP-VAT IC Certificate in question);