



Pursuant to Article 61 paragraph 2 of the Law on Administration (Official Gazette of BiH, No 32/02), Article 15 paragraph 1 of the Law on the Indirect Taxation Authority (Official Gazette of BiH, No 89/05) and Article 54 paragraph 2 of the Law on Value Added Tax (Official Gazette of BiH, 9/05 and 35/05), the director of the Indirect Taxation Authority hereby issues the following

INSTRUCTION

on value added tax refunds to foreign nationals

CHAPTER I –GENERAL PROVISIONS

Article 1 (Subject)

This Instruction prescribes the requirements for and methods of a value added tax refund (hereinafter: VAT) to foreign nationals taking out goods bought in Bosnia and Herzegovina, for which VAT has been paid, outside the customs territory of Bosnia and Herzegovina.

Article 2 (Definitions)

Foreign nationals who are entitled to a VAT refund within the meaning of this Law, shall be natural persons who do not have a permanent place of residence in Bosnia and Herzegovina.

The term account, within the meaning of this Regulation, shall mean a tax account or cashier's account containing all the elements prescribed by the Law on VAT and the Rulebook on the implementation of the Law on VAT.

A travel document is a passport or another identification document which is used for crossing the BiH borderline on the basis of an international agreement.

Article 3 (Right to VAT refund)

The persons referred to in Article 2 of this Instruction shall have the right to a refund of VAT paid on goods purchased in Bosnia and Herzegovina and taken out of the customs territory of Bosnia and Herzegovina in luggage.

Article 4 (Exemptions to the right to refund)

The right to VAT refund referred to in Article 3 of this Instruction shall not apply to the mineral oils (petroleum, diesel-fuel, extra light and special light heating oil, motor gasoline – lead-free, motor gasoline), alcohol and alcoholic beverages and tobacco products.

CHAPTER II – VAT REFUND PROCEDURE AND REQUIREMENTS

Article 5 (Application for a refund)

(3) A PDV-SL-2 Form shall be filled out by a taxpayer - seller at the request of a buyer-foreign person in 3 (three) copies of which an original and one copy shall be provided to the buyer by the seller, and one copy shall be kept by the seller in the records.

(4) The seller shall certify the PDV-SL-2 Form with their signature and stamp.

Article 6 (Obligations of the buyer-foreign national)

(1) The buyer – foreign national shall pay the total value of the delivered goods, with the VAT calculated, to the seller.

(2) The buyer – foreign national, entitled to a refund of value added tax, shall submit to the customs service for inspection the purchased goods, original receipts and original PDV-SL-2 Form previously filled out on the occasion of leaving the BiH customs territory.

Article 7 (Requirements for a VAT refund)

Prior to certifying a PDV-SL-2 Form, the Customs office shall establish whether the following requirements have been met:

1. The data from the passport are identical to those stated in the PDV-SL-Form,
2. The presented goods are identical to those specified in the receipt which is indicated in the PDV-SL-2 Form, and these goods have not been used,
3. The total VAT- inclusive value of goods stated in the PDV-SL-2 Form exceeds 100.00 BAM,
4. The goods are being taken out prior to the expiry of a three-month period from the date of delivery to BiH/purchase in BiH, and
5. The original PDV-SL-2 Form has been certified and signed by the seller.

Article 8 (Certification of the Form)

If all of the requirements referred to in Article 7 of this Instruction have been met, the Customs office shall certify the PDV-SL-2 Form with a signature and stamp in the bottom left field, and shall enter the date of taking the goods out of the customs territory of BiH.

Article 9 (Consequences of not meeting the requirements for the VAT refund)

(1) In case that the Customs office establishes that not all the requirements for the refund have been met, they certify the PDV-SL-2 Form with a signature and a stamp in the bottom right field, whereby the buyer-foreign national cannot exercise the right to a refund of VAT paid on goods purchased in BiH.

(2) The Customs office shall state the reasons why the buyer – foreign national has failed to meet the requirements for a refund of VAT on the back of the PDV-SL-2 Form.

Article 10 (Handling certified forms)

(1) The Customs office shall return original receipts and certified PDV-SL-2 Form to the buyer-foreign national.

(2) The Customs service shall keep the copy of the PDV-SL-2 Form, the copies of the receipts, as well as the copy of travel document of the buyer-foreign national.

Article 11
(ITA records of certified forms)

- (1) The Customs office shall keep separate records of the certified PDV-SL-2 Forms.
- (2) The records referred to in paragraph 1 of this Article include:

- a) Ordinal number,
- b) Full name of the buyer-foreign national,
- c) Place and Country of residence of the buyer-foreign national,
- d) Application number (PDV-SL-2 Form),
- e) Application certification number,
- f) Number and date of receipt of application,
- g) VAT-inclusive value of goods,
- h) Trade name of the goods,
- i) Vehicle registration marks,
- j) Date of exportation,
- k) Customs officer signature.

Article 12
(Deadline for submitting the form to the seller)

The buyer or the applicant shall be granted a value added tax refund if they submit the original PDV-SL-2 Form certified by the customs office to the seller from whom the goods have been purchased within 3 months from the date of issuance of the receipt.

Article 13.
(Submitting the form by mail)

If a certified PDV-SL-2 Form is submitted by mail, the buyer or the applicant shall provide the seller with a bank account number to which the paid VAT will be refunded.

Article 14
(Refund of the amount paid)

On the basis of a certified original of PDV-SL-2 Form the seller shall, having checked the submitted application meets the requirements for the tax refund, refund the paid value added tax to the buyer or the applicant.

Article 15
(Refund currency)

Value added tax shall be refunded in Convertible marks through cash payment or through payment to a bank account indicated by the buyer or the applicant.

Article 16
(Deadline for payment)

If the payment is made in cash, the seller shall refund VAT immediately; however if the payment is allocated to the buyer's or applicant's account, the payment shall be made within a period of 15 days from the date when the application has been received.

Article 17
(Evidence of receipt of refunded VAT)

The buyer or the applicant shall, by putting his signature on the certified original of the PDV-SL-2 Form, confirm the receipt of the refunded amount of VAT in cash.

CHAPTER III- RIGHTS AND OBLIGATIONS OF THE SELLER

Article 18
(The right to a reduction of output VAT)

(1) A certified original of the PDV-SL-2 Form signed by the seller, i.e. the applicant, on receiving refunded value added tax in cash or the order for transfer of funds on the basis of the value added tax refund, shall serve to the seller as the grounds for a reduction of output VAT.

(2) The seller shall reduce the amount of output VAT by the amount of the VAT refunded to the buyer and this within the tax period in which the VAT has been refunded.

(3) In case the Customs office refuses to certify the form in the bottom right field, whereby the buyer-foreign national is denied the right to refund of VAT paid on goods purchased in BiH, the seller shall not have the right to reduce the output VAT.

Article 19.
(The seller's records of the forms)

(1) The seller shall keep separate records of the issued PDV-SL-2 Forms and VAT refunds to buyers.

(2) The records shall contain information about:

1. PDV-SL-2 form reference number,
2. Foreign person's passport number,
3. Number and date of the receipt from the PDV-SL-2 Form,
4. Non VAT inclusive compensation for the supplied goods,
5. VAT included in the compensation for the supplied goods,
6. Date of receipt of the certified original of PDV-SL-2 Form,
7. Amount of VAT repaid as VAT refund,
8. Date of VAT refund.

CHAPTER IV- FINAL PROVISIONS

Article 20
(Repeal)

The entry into force of this Instruction shall repeal the Instruction on the requirements and procedure for value added tax refunds to foreign nationals, Number: 18-10371/05 from 28/12/2005 and the Instruction on the practices of ITA officers at border crossings upon the exit of foreign nationals from BiH customs territory, Number: 18-10370/05 from 28/12/2005.

Article 21
(Entry into force)

This Instruction shall enter into force on the following day after the date of its publication in the Official Gazette of BiH.

Number: 02-4766-3/06

Date: 14/12/2006

DIRECTOR
Kemal Čaušević