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## Department for Legal Affairs



# **HIGH REPRESENTATIVE DECISION ENACTING THE LAW ON AMENDMENTS TO THE LAW ON THE INDIRECT TAXATION SYSTEM IN BOSNIA AND HERZEGOVINA**

**“Official Gazette of Bosnia and Herzegovina”, 4/08**

**[NOTE: The Law on Indirect Taxation System was published in the “Official Gazette of Bosnia and Herzegovina”, 44/03.](#)**

# **High Representative Decision Enacting the Law on Amendments to the Law on the Indirect Taxation System in Bosnia and Herzegovina**

**January 8, 2008**

No. 16/08

*In the exercise* of the powers vested in the High Representative by Article V of Annex 10 (Agreement on Civilian Implementation of the Peace Settlement) to the General Framework Agreement for Peace in Bosnia and Herzegovina, according to which the High Representative is the final authority in theatre regarding interpretation of the said Agreement on the Civilian Implementation of the Peace Settlement; and considering in particular Article II.1. (d) of the last said Agreement, according to the terms of which the High Representative shall "Facilitate, as the High Representative judges necessary, the resolution of any difficulties arising in connection with civilian implementation";

*Recalling* paragraph XI.2 of the Conclusions of the Peace Implementation Conference held in Bonn on 9 and 10 December 1997, in which the Peace Implementation Council welcomed the High Representative's intention to use his final authority in theatre regarding interpretation of the Agreement on the Civilian Implementation of the Peace Settlement in order to facilitate the resolution of any difficulties as aforesaid "by making binding decisions, as he judges necessary" on certain issues including (under sub-paragraph (c) thereof) "measures to ensure implementation of the Peace Agreement throughout Bosnia and Herzegovina and its Entities";

*Further recalling* that the responsibility for indirect taxation has been transferred to Bosnia and Herzegovina by an agreement signed by the Federation of Bosnia and Herzegovina and Republika Srpska, which regulates distribution of competences in that domain;

*Mindful* that the Parliamentary Assembly of Bosnia and Herzegovina enacted the Law on Indirect Taxation System ("Official Gazette of Bosnia and Herzegovina" 44/03, 52/04 and 34/07 in Bosnia and Herzegovina establishing the institutional and organizational basis for the single indirect taxation system of Bosnia and Herzegovina;

*Convinced of* the importance to Bosnia and Herzegovina of ensuring the principles of a single economic space;

*Noting* the communiqué issued by the Steering Board Political Directors of the Peace Implementation Council on 15 March 2006, in which Bosnia and Herzegovina's authorities are called upon to ensure their support for the Indirect Taxation Authority and its Governing Board;

*Further noting* the communiqué of the Steering Board of the Peace Implementation Council issued on 27 February 2007 in which the Steering Board expressed its concern that despite its previous urgings for a satisfactory resolution to the issue of

VAT revenue allocation, the Governing Board of the Indirect Taxation Authority has still not agreed on a way to resolve the matter in a systematic manner;

***Bearing in mind*** that to this date the representatives of the Entities within the Governing Board of the Indirect Taxation Authority have not agreed on permanent methodology for allocation of revenues from indirect taxation;

***Recalling*** Article 28 of the Law on Indirect Taxation System in Bosnia and Herzegovina, which provides for the appointment of an additional member of the Governing Board to serve as initial Chairman thereof for the initial period of the four years;

***Further recalling*** that such mandate of the initial Chairman of the Governing Board of the Indirect Taxation Authority expires on the 13 January 2008;

***Mindful*** of the 25 December 2007 letter of the Chairman of the Council of Ministers requesting that the High Representative extend the mandate of the Initial Chairman of the Governing Board of the Indirect Taxation Authority to assist the Board in reaching an agreement on a permanent methodology for the allocation of revenues from indirect taxation;

***Recalling*** Article 16 of the Law on Indirect Taxation System in Bosnia and Herzegovina, which provides that upon expiry of the of the mandate of the initial Chairman Governing Board of the Indirect Taxation Authority, the Chairman of the Governing Board of the Indirect Taxation Authority will be chosen from the members of the Governing Board of the Indirect Taxation Authority;

***Noting*** that Article 16 of the Law on Indirect Taxation System in Bosnia and Herzegovina fails to identify an *ex officio* Chairman in the event that the members of the Governing Board of the Indirect Taxation Authority fail to choose one;

***Convinced*** of the importance to Bosnia and Herzegovina of ensuring the uninterrupted stewardship of the Indirect Taxation Authority through timely appointments of the chairman of the Governing Board of the Indirect Taxation System;

Having taken into account and considered the totality of the matters aforesaid, the High Representative hereby issues the following:

## **DECISION**

### **Enacting the Law on Amendments to the Law on the Indirect Taxation System in Bosnia and Herzegovina**

(“Official Gazette of Bosnia and Herzegovina”, No. 44/03, 52/04 and 34/07)

which is hereby attached as an integral part of this Decision.

The said Law shall enter into force as a law of Bosnia and Herzegovina, with effect from the date provided for in Article 3 thereof, on an interim basis, until such time as the Parliamentary Assembly of Bosnia and Herzegovina adopts this Law in due form, without amendment and with no conditions attached.

This Decision shall enter into force forthwith and shall be published without delay in the “Official Gazette of Bosnia and Herzegovina”.

Sarajevo, 8 January, 2008

Miroslav Lajčák  
High Representative

**THE LAW ON AMENDMENTS TO THE LAW ON THE INDIRECT  
TAXATION SYSTEM IN BOSNIA AND HERZEGOVINA**

**Article 1**

In Article 16, paragraph 3, shall be amended and shall read as follows:

“The members of the Board, by consensus, shall choose a Chair from amongst themselves, who shall hold the position for a (5) five-year term. In the event that the mandate of the Chairman exceeds his mandate as a member of the Board, the mandate of the Chairman will coincide with his or her membership on the Board. The Board shall choose a successor prior to the expiration of each mandate of a Chair, including the Initial Chairman. If the members of the Board fail to choose a successor, upon the expiration of the mandate of the Chair, the Minister of Finance and Treasury of Bosnia and Herzegovina shall, *ex officio*, Chair the Board for a period not less than (1) one year.”

**Article 2**

In Article 28, in paragraph 2, the sentence “The first Chairman shall serve a single four-year term” will be deleted and replaced to read as follows:

“The first Chairman shall serve until 30 June 2008.”

**Article 3**

This law shall enter into force on the day of its publication, and shall be published without delay in the Official Gazette of Bosnia and Herzegovina.