

Brcko Supervisor Removes Disincentives to Investment in the District

Brcko Supervisor Susan Johnson today issued a Supervisory Order repealing the Law on Construction Land of Socialist Republic of Bosnia and Herzegovina of 1986, amending the Law on Spatial Development of Brcko District of 2003, and annulling Mayor's Decision on the Size of Fees For Development of Construction land. The aim of this Order is to consolidate the Brcko District's construction land taxation and to remove obstacles to investment and economic development by abolishing a fee that is commonly referred to as "renta".

The SRBiH Law on Construction Land , the Law on Spatial Development of the Brcko District, and the Mayor's Decision have created a complicated, confusing and non-consistent system of taxation in the District.

A tax such as "renta" creates disincentives for any new construction. Abolishing them strengthens legal certainty and encourages economic development

Interpretation of when and on whom to apply taxes in the nature of "renta" have created legal uncertainty as in a number of cases the Government has offset "renta" charges that would otherwise be due against certain other costs that private builders upon land have incurred. Opposing views have been expressed as to whether offsets of this kind are lawful.

A clear, fair and consistently applied system of taxation is important for the District's economic development. Taxation should not discourage economically productive activity and should be uniformly applied so as to strengthen rule of law.