

High Representative Calls for Swift Passage of Law on the Indirect Taxation System

The Indirect Taxation Policy Commission (ITPC), within the timeframe set by the High Representative when he established the Commission in February, has completed a draft Law on the Indirect Taxation System in Bosnia and Herzegovina. The draft Law enables the Indirect Taxation Authority (ITA) to administer customs and, ultimately, value added tax, in a single, efficient operation, in accordance with European requirements.

"This paves the way for a revenue system that will eliminate the systemic corruption and unfair competition that have robbed the people of this country of hundreds of millions of KM," the High Representative said at a press conference in Sarajevo held to announce the successful completion of the ITPC's work. "At the same time it preserves the fiscal responsibility of the State and the Entities through the creation of a Governing Board, and it protects the macroeconomic stability of BiH as a whole."

The Headquarters of the Indirect Taxation Authority will be in Banja Luka. The existing 19 customs branches will be reduced to four branch offices organised on the basis of the need for a single economic space and on the basis of economic efficiency. These will be centred in Sarajevo, Mostar, Banja Luka and Brcko. The completed law will now be sent to the Council of Ministers, which will then refer the law to the BiH Parliament. The Entities will also have the opportunity to discuss the new system.

Commenting on the agreement to locate the ITA headquarters in Banja Luka, the High Representative welcomed the public commitment by Prime Minister Mikerevic that the RS government will take all necessary steps to ensure that the operating environment of the ITA will be corruption-free and the conduct of customs officials will be above reproach.

The High Representative said that parliamentary passage of the draft law will

- deliver benefits to citizens
- spell the end of the kind of corruption that crooked politicians and their criminal associates have engaged in for too long
- make the BiH tax and customs system Euro-compatible; and
- represent a major step forward towards BiH membership of Europe.

"Let me stress that those responsible for the success of this legislative effort are not the International Community, but the people of BiH and their representatives," the High Representative said. "Those who worked on and agreed this law have given BiH the beginnings of a new start and a huge opportunity for the future. It is now up to the authorities to ensure that this huge advance is not wasted, but turned into confident steps forward to a better future for BiH's citizens and a large stride along the road to Europe."