

High Representative Calls for Progress in Developing Single Economic Space in Order to Promote Investment and Create Jobs

The double-taxation system that existed in BiH until just a few weeks ago “defied economic sense and acted as a major drag on efforts to attract investment to BiH, stimulate business and create jobs,” the High Representative, Paddy Ashdown, told a meeting of senior officials from the State of BiH, the Entities and Brcko District today.

BiH Treasury Minister Ante Domazet, Federation Acting Finance Minister Sefika Hafizovic and RS Finance Minister Simeun Vilendecic were among those who attended the meeting, at the OHR, aimed at resolving technical issues regarding the effective implementation of the Excise Tax Allocation Mechanism.

Under an agreement which came into force in mid July, excise tax now only needs to be paid once – in the Entity or fiscal jurisdiction where products are consumed. Previously, products made in one Entity and sold in the other were taxed twice, once at the point of origin and once at the point of sale. Through the excise mechanism, tax revenues will be allocated to the two Entities and Brcko District.

“I really do believe that the New Economy we would like to see in BiH begins with the decision to abandon double taxation,” the High Representative said. “A long journey has begun with this first step that you have taken.”

The High Representative said he had received numerous complaints from business people that it is often more

difficult to export products from one Entity to the other than it is to export products to other countries. "We must build a strong economy so as to create jobs," he said. "The most important step we can take in order to do that is to develop the Single Economic Space."

The meeting addressed in detail the implementation of the excise mechanism, examining the rates to be levied, for example, on heating oil and coffee, and addressing issues related to the computer system which will support the mechanism, and the continuous steps that must be taken to ensure that officials in the field know how to apply the mechanism.