Decision Extending the mandate of a first Chairman of Governing Board of the Indirect Taxation Authority

Press Release: *High Representative Extends Mandate of Joly Dixon as Chairman of the ITA Governing Board*

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";

Noting that the Peace Implementation Council in its Declaration at Brussels on 24 May 2000, within the context of emphasising the critical economic reforms required to create a single economic space and enable private sector growth, *inter alia* called on the authorities of Bosnia and Herzegovina to identify and establish adequate domestic funding sources for the State budget, and further urged the authorities of Bosnia and Herzegovina to proceed with broad-based reform of the taxation and customs systems;

Considering the communiqué issued by the Steering Board Political Directors of the Peace Implementation Council on 21 November 2002, in which Bosnia and Herzegovina was called on urgently to adopt economic reforms including: "The unification of the customs system to end duplication and fraud", and "The introduction of VAT at the State level to simplify taxation, make it more efficient and help reduce the overall tax burden";

Considering further the Declaration of the Steering Board of the Peace Implementation Council issued on 30 January 2003, which proclaimed in relation to the economic reform process, that "introduction of a single customs administration and Bosnia and Herzegovina-wide Value Added Tax (hereinafter VAT) were an essential part of this reform process";

Mindful of the letter from European Union External Relations Commissioner, Mr. Christopher Patten, of 21 January 2003, which declared in no uncertain terms that the European Union will insist on the establishment of a single customs administration and the introduction of VAT at the State level before considering Bosnia and Herzegovina's application in the Stabilisation and Association process;

Noting the joint statement by European Union Foreign Ministers, meeting in the European Union's General Affairs and External Relations Council on 27 January 2003, which urged the Bosnia and Herzegovina authorities "…to proceed rapidly with

the implementation of the reforms necessary for progress in the Stabilisation and Association process, including the establishment of a single state-level customs and VAT system";

Further 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;

Bearing in mind that the implementation of the Law on Value Added Tax ("Official Gazette of Bosnia and Herzegovina" 9/05, and 35/05) commenced on 1 January 2006, and therefore the existence of the relevant administration is vital component to ensure proper implementation of value added tax (VAT), and that, especially in the initial phase of implementation, prompt reactions and responses by the Governing Board of the Indirect Tax Authority may be necessary;

Considering, 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 Chairman thereof and requires that the said individual possess the expertise in the relevant field and have demonstrated a standard of honesty and integrity in the conduct of his/her work;

Cognizant of the considerable progress has been made over the last years with regard to indirect taxation reform under the chairmanship of Mr. Joly Dixon as the first Chairman of the Governing Board of the Indirect Taxation Authority and that it is now of vital importance that, in the coming months, the initial phase of implementation of the introduction of VAT is appropriately ensured;

Recalling the Decision of the High Representative No. 177/04, ("Official Gazette of Bosnia and Herzegovina" No. 3/04 of 19 February 2004), according to which Mr. Dixon was appointed as

the first Chairman of the Governing Board of the Indirect Taxation Authority for an initial period of one year, and Article 2 thereof which provide for the possibility to renew the appointment at the discretion of the High Representative;

Recalling further the High Representative's Decision No. 332/05 ("Official Gazette of Bosnia and Herzegovina" 08/05 of 21 February 2005), according to which Mr. Dixon's initial term of office was thereby extended for an additional one year period, and the High Representative's Decision No. 394/06 ("Official Gazette of Bosnia and Herzegovina" 05/06 of 30 January 2006) according to which Mr. Dixon's initial term was further extended until and including 31 March 2006;

Conscious of the need to ensure the uninterrupted stewardship of the Indirect Taxation Authority through timely appointments of the Chairman of the Governing Board of the Indirect Taxation System;

Having borne in mind the totality of the matters aforesaid, the High Representative issues the following:

DECISION

Extending the mandate of a first Chairman of Governing Board of the Indirect Taxation Authority

Article 1

This Decision herewith extends the mandate of Mr. Joly Dixon as a first Chairman of the Governing Board of the Indirect Taxation System (hereinafter: "Chairman), as provided for by Article 28, paragraph 1, of the Law on Indirect Taxation System in Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina 44/03 and 52/04), until and including 30 June 2006.

Article 2

Mr. Joly Dixon shall continue to operate as Chairman under the same conditions as established and defined in the Decision of the High Representative No. 177/04 on the Appointment of the First Chairman of the Governing Board of the Indirect Taxation System.

Article 3

This Decision shall enter into force forthwith and shall be published without delay in the Official Gazette of Bosnia and Herzegovina , in the Official Gazette of the Federation of Bosnia and Herzegovina , and in the Official Gazette of Republika Srpska.

Sarajevo, 7 April 2006

Dr.Christian Schwarz-Schilling
High Representative