

# Decision Enacting the Law on Amendments to the Law on the Sales Tax on Products and Services

**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 that regulates distribution of competences in that domain;

**Mindful** that the Parliamentary Assembly of Bosnia and Herzegovina enacted the Law on Sales Tax on Goods and Services establishing unique tax rates, and thus reinforcing the principles of a single economic space;

**Noting** that Article 49, paragraph 2, of the Law on Sales Tax on Products and Services obliged the Indirect Taxation Administration (*hereinafter, ITA*) to assume responsibility with respect to sales tax on domestic excise products by 30 June 2005, at the latest;

**Further noting** that some technical deficiencies in the legal framework in place have delayed the ITA's progress assuming the aforementioned responsibility with respect to sales tax on domestic excise products thus far;

**Recalling** paragraph XI of the February 3, 2005, Communiqué of the Peace Implementation Council, Political Directors, by which "the Steering Board noted with approval that the BiH Parliamentary Assembly has enacted legislation on Sales and Excise Tax and laws providing for a State-level single-rate VAT system to be introduced in BiH by January 2006 at the latest," which are European Union Feasibility Study Requirements, and emphasized that "implementation must now follow";

**Further recalling** Article 25 of the Law on the Indirect Taxation System of Bosnia and Herzegovina (*Hereinafter ITS Law*), according to which the ITA is obliged to take over the jurisdiction for collecting and distributing indirect taxes from the jurisdictions of the Tax Administration of Republika Srpska, Tax Administration of the Federation of Bosnia and Herzegovina and the Tax Administration of Brčko District (*hereinafter the Tax Administrations*) not later than by the day of entry into force of the Law on Value Added Tax, and to

accordingly undertake necessary activities to enable successful transfer of those jurisdictions;

*Respectful* of ITA's efforts, demonstrated by the partial assumption of jurisdiction from the Tax Administrations for collecting indirect taxes, and of the need for the ITA to undertake additional activities in the coming period that will enable it to take over all the competencies from the Tax Administrations arising from the collection of indirect taxes;

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 Sales Tax on Products and Services**

("Official Gazette of Bosnia and Herzegovina " No.62/04)

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 Parliament adopts this Law in due form, without amendment and with no conditions attached.

This Decision shall come into force forthwith and shall be published without delay in the "Official Gazette of the Bosnia and Herzegovina".

*Sarajevo , 14 July 2005*

*Paddy Ashdown*

**THE LAW ON AMENDMENTS TO THE LAW ON SALES TAX ON PRODUCTS AND SERVICES**

**Article 1**

In the article 49, paragraph 2, the date “30<sup>th</sup> June 2005” is amended and replaced by the date of “December 31<sup>st</sup> 2005”.

**Article 2**

In the article 49, following paragraph 4, a new paragraph 5 shall be added and read as follows:

“(5) The Entity Tax Administrations and the Brcko District Tax Administration shall cooperate with and assist the ITA until the ITA assumes full responsibility for all indirect taxes throughout the territory of BiH, in accordance with Article 25 of the Law on the Indirect Taxation System of Bosnia and Herzegovina.

When the ITA has assumed full responsibility for administration of all indirect taxes, the Entity Tax Administrations and the Brcko District Tax Administration shall continue to cooperate by transferring or making available all taxpayer databases, records and other relevant intelligence and information.”

**Article 3**

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