

Parliamentarians Must Be Ruled by the Constitution and by Common Sense

Among the items on the agenda of tomorrow's session of the BiH House of Representatives – the last session before the summer recess – are proposals to introduce a new two-tier VAT rate and to reduce the repayment period for holders of frozen foreign currency accounts.

Neither of these proposals is practicable.

The adoption of any amendments to the VAT law by the BiH Parliament requires the prior approval of the Governing Board of the Indirect Taxation Authority, which has already considered and rejected the amendments to be discussed tomorrow.

The single-rate VAT system has produced greater revenue than anticipated and has eliminated the opportunities for corruption that existed in the old sales-tax system. A multiple rate would re-introduce the opportunities for fraud and reduce the amount of money that can now be spent on social services. Common sense and the Constitution are on the side of the ITA Governing Board.

The proposal to reduce the payment period for holders of Frozen Foreign Currency Accounts would place an intolerable burden on BiH's public finances and jeopardize the administration of orderly payments to those whose accounts were frozen. In other words, it would create chaos in public finances and wouldn't help the very people who stand to benefit from the existing settlement, which represents the maximum compensation possible under BiH's economic circumstances.

