

# Statement: High Representative Acts to Save 30 Million KM Monthly Losses

The High Representative today issued a Decision to provide full legal clarity with regard to the transition of full responsibilities for indirect taxation to the Indirect Taxation Authority (ITA). The High Representative acted in response to a request from the ITA Governing Board. The Decision will permit Entity and Brcko authorities to continue to issue tax stamps that appear on tobacco and alcohol products for a short interim period until the ITA is ready to issue these stamps itself.

The High Representative's decision is designed to ensure that there is no loss of revenue. Failure to enact the decision would result in a loss of up to 30 million KM per month, which could in turn result in, for example, arrears in vital Entity level services such as education

A great deal of work has been accomplished in a short period of time in the indirect taxation reform process. The ITA has been created, a single state level account activated, and all indirect tax legislation is at the state level.

But in order for this to continue, the High Representative said that the ITA and its Governing Board must remain fully focused on the key date of 1 January 2006, when VAT will be introduced. By this time, all indirect taxation administrative competencies and full responsibilities must be assumed by the ITA. However, in order to ensure stability of revenue flows into the single account and taxpayer convenience, the transition of responsibilities must happen at the earliest opportunity – that means as soon as the ITA is ready to assume

them.