

**INVESTMENT INCENTIVES IN BOSNIA AND HERZEGOVINA
(FISCAL AND NON-FISCAL)**

No	Incentive	Awarding Institution
		Enforcing Institution
1.	Exemption from paying VAT on the import of goods in free zones	Steering Board of the Indirect Taxation Authority of BiH Indirect Taxation Authority of BiH
2.	Equipment released for free circulation representing an investment by a foreign person, except for passenger vehicles, entertainment and slot machines, shall be granted relief from payment of import duty (Article 176, Paragraph 1, BiH Law on Custom Policy)	Indirect Taxation Authority of BiH
3.	Goods released for free circulation for projects of rebuilding and reconstruction of BiH shall be relieved from payment of import duty (Article 176, Paragraph 3, BiH Law on Custom Policy)	Indirect Taxation Authority of BiH
4.	Equipment released for free circulation for production in a free zone shall be relieved from payment of import duty (Article 176, Paragraph 4. BiH Law on Custom Policy)	Indirect Taxation Authority of BiH
5.	Capital goods and other equipment imported on the transfer of activities from a third country into BiH -The capital goods and other equipment belonging to undertakings which definitively cease their activity in a third country and move to the customs territory of BiH in order to carry on a similar activity there, shall be relieved from payment of customs duty (Article 6 of Annex of BiH Law on Custom Policy)	Indirect Taxation Authority of BiH
6.	Products obtained by BiH farmers on Properties Located in a Foreign Country - Agricultural, stock-farming, bee-keeping, horticultural and	Indirect Taxation Authority of BiH

	forestry products from properties located in a country adjoining the customs territory of BiH, which are operated by agricultural producers having their enterprise in the said customs territory, shall be relieved from payment of customs duty. (Article 7 of Annex of BiH Law on Custom Policy)	
7.	Seeds, Fertilizers and Products for the Treatment of Soil, Imported by Agricultural Producers in Foreign Country for Use in Properties Adjoining those Countries - Seeds, fertilizers and products for the treatment of soil and corps intended for use on property located in the customs territory of BiH adjoining a foreign country and operated by agricultural producers having their principle undertaking within the said foreign country and adjacent to the customs territory of BiH shall be relieved form payment of customs duty. (Article 8 of Annex of BiH Law on Custom Policy)	Indirect Taxation Authority of BiH
8.	Goods Imported for Trade Promotion Purposes shall be relieved form payment of customs duty (Article 16 of Annex of BIH Law on Custom Policy)	Indirect Taxation Authority of BiH
9.	Consignments Sent to Organisations Protecting Copyrights or Industrial and Commercial Patent Rights - Trademarks, models or designs and supporting documents as well as applications for recognition of patents, innovations or similar, to be forwarded to authorities dealing in protection of copyrights or the protection of industrial or commercial patent rights shall be relieved from payment of customs duty (Article 17 of Annex of BiH Law on Custom Policy)	Indirect Taxation Authority of BiH
10.	Educational, Scientific and Cultural Material, Scientific Instruments and Apparatus - Educational, scientific and cultural materials specified in the List to be adopted by the Governing Board whoever the consignee and whatever the intended use of such materials may be, shall be relieved from payment of customs duty (Article 20, Annex of BIH Law on Custom Policy)	Indirect Taxation Authority of BiH
11.	Laboratory Animals and Biological or Chemical Substances Intended for Research - Animals specially prepared for laboratory use and biological	Indirect Taxation Authority of BiH

	or chemical substances for which there is no equivalent production in the customs territory of BiH and which are imported exclusively for non-commercial purpose, shall be relieved from payment of customs duty (Article 21 of Annex of BiH Law on Custom Policy)	
12.	Therapeutic Substances of Human Origin and Blood Grouping and Tissue -Typing Reagents - Therapeutic substances of human origin, blood-grouping reagents and tissue-typing reagents shall be relieved from payment of customs duty (Article 22 of Annex of BiH Law on Custom Policy)	Indirect Taxation Authority of BiH
13.	Fund for supporting foreign investors in BiH* <i>*Due to budget restriction funds are not actually distributed to foreign investors</i>	BiH Council of Ministers BiH Foreign Investment Promotion Agency (FIPA)
14.	Support for participation in fair events in the country and abroad	BiH Council of Ministers BiH Ministry of Foreign Trade and Economic Relations
15.	Excise duty shall not be paid on export excise products (Article 30 of BiH Law on Excise Duty)	Indirect Taxation Authority of BiH
16.	Excise duty shall not be paid on fuel for plains and ships in international transportation (Article 30 of BiH Law on Excise Duty)	Indirect Taxation Authority of BiH
17.	Excise duty shall not be paid on import and/or delivery of alcohol used as a raw material for producing the alcoholic beverages to a person registered for the production in accordance with the Article 13. of the BiH Law on Excise Duty (Article 30 of BiH Law on Excise Duty)	Indirect Taxation Authority of BiH
18.	Physical and legal entities using fuel oil for heating houses and business premises and premises for agriculture production (green houses) have the right to a refund of paid excise duty on fuel oil (Article 31, Paragraph 1, BiH Law on Excise Duty)	Indirect Taxation Authority of BiH
19.	Entrepreneur and legal entities that use the alcohol	Indirect Taxation Authority of BiH

	for producing medication and/ or for medical purposes, and etil-alcohol that they use as a raw material in producing goods for cleaning and washing, cosmetic products and other goods that are not subject of excise duty have the right to a refund of paid excise duty (Article 31, Paragraph 2, BiH Law on Excise Duty)	
20.	Legal entity that exported products that are subject of excise duty and for which the excise duty was paid has the right to a refund of paid excise duty (Article 31, Paragraph 3, BiH Law on Excise Duty)	Indirect Taxation Authority of BiH
21.	Pay toll is not paid on fuel-oil used by mines, thermal power plants and railways (for rail vehicle drive) in quantities approved by the Steering Board as per proposal of the governments of entities and Brcko District of BiH (Article 36, Paragraph 1, BiH Law on Excise Duty)	Indirect Taxation Authority of BiH

**INVESTMENT INCENTIVES IN REPUBLIKA SRPSKA
(FISCAL AND NON-FISCAL)**

No	Incentive	Awarding Institution
		Enforcing Institution
1.	Subsidies for self-employment and employment with an employer of persons from the identified target group (<i>Republic of Srpska Government by means of</i>	Republic of Srpska Employment Institute

	<i>a World Bank loan and own participation through Republic of Srpska Employment Institute and Project Coordination Unit of the Republic of Srpska Ministry of Health and Social Welfare)</i>	
2.	Subsidies for training, additional training and retraining and improving labor mobility (<i>Republic of Srpska Government by means of a World Bank loan and own participation through Republic of Srpska Employment Institute and Project Coordination Unit of the Republic of Srpska Ministry of Health and Social Welfare)</i>)	Republic of Srpska Employment Institute
3.	Subsidies for recruitment of trainees with high school diploma (<i>funding by the United Nations Development Program UNDP)</i>)	Republic of Srpska Employment Institute
4.	Subsidies for recruitment of trainees with college or university diploma	Republic of Srpska Employment Institute
5.	Research in the field of technological development, knowledge and technology transfer, and encouragement of application of scientific research results (<i>This program relates to financial support for projects of technology development, equipment purchase and participation in expert gatherings on technology development in the Republic of Srpska)</i>)	Republic of Srpska Ministry of Science and Technology
6.	Program of basic, applied and developmental research (<i>This program/measure relates to financial support for scientific and research projects in the field of basic, applied and developmental research on set topic or free choice topic selected by project team.</i>)	Republic of Srpska Ministry of Science and Technology
7.	Program activities for innovation activity	Republic of Srpska Ministry of Science and Technology
8.	Premium for breeding cattle	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
9.	Support for development of market production of milk	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
10.	Premium for meat production	Republic of Srpska Ministry of Agriculture, Forestry and Water Management

11.	Support for beekeeping production	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
12.	Measures for animal health protection	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
13.	Other liabilities - relating to identified obligations arising from measures to support livestock production set forth by the Rulebook	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
14.	Premium for manufactured and sold fruit and vegetables	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
15.	Support per sowing area unit/subsidy - Incentive funds to subsidize fertilizer	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
16.	Premium for seed material	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
17.	Premium for planting material	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
18.	Premium for industrial plants	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
19.	Measures to protect plant health	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
20.	Premium for wheat	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
21.	Premium for tobacco	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
22.	Other liabilities - relating to identified obligations arising from measures to support plant production set forth by the Rulebook in 2010	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
23.	Investments in agricultural mechanization	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
24.	Investments in livestock production (breeding stock, facilities, equipment)	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
25.	Investments in plant production (greenhouses,	Republic of Srpska Ministry of Agriculture,

	hothouses, perennial plants and equipment and organic plant production)	Forestry and Water Management
26.	Improvement of agricultural land (drainage, irrigation etc.)	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
27.	Investments in modernization of the existing processing facilities and construction of the new	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
28.	Support to organizations of agricultural producers and processors	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
29.	Improvement of human resources <ul style="list-style-type: none"> ▪ Support for seminars, counseling, study tours, working groups ▪ Support for education and additional training of rural youth and training of working-age population in rural areas ▪ Co-financing of innovative programs in livestock and plant production 	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
30.	Nature conservation and rational management of natural resources <ul style="list-style-type: none"> ▪ Support for measures of proper solid waste disposal and treatment and protection of natural springs and streams for the purpose of regulation of rural dumps, rehabilitation of rural landfills, financing of measures of removal of waste of animal and plant origin, co-financing of program of power generation from plant and animal waste, prevention of pollution of drinking water sources etc., based on requests submitted to the Agency 	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
31.	Co-financing of anti-hail protection and agricultural production insurance premiums <ul style="list-style-type: none"> ▪ Support for preventive measures to prevent and mitigate natural disasters 	Republic of Srpska Ministry of Agriculture, Forestry and Water Management
32.	Improvement of living conditions and introduction of diversity in generating income in rural economy	Republic of Srpska Ministry Of Industry, Energy and Mining

33.	Incentives for recruitment of unemployed persons in the Republic of Srpska	Republic of Srpska Ministry Of Industry, Energy and Mining
34.	Subsidies to boost exports for exporting companies affected by natural disasters or other extraordinary events	Republic of Srpska Ministry Of Industry, Energy and Mining
35.	Subsidies to boost exports	Republic of Srpska Ministry Of Industry, Energy and Mining
36.	Financial incentive for tourism sector - small-scale state aid (grant)	Republic of Srpska Ministry of Trade and Tourism
37.	Article 11 of the Law on Profit Tax sets forth that for depreciable machinery and equipment, a deduction shall be allowed for accelerated depreciation , to be calculated as follows: a) first year: 40%, b) second year: 30%, v) third year: 30%	Republic of Srpska Ministry of Finance
38.	Article 12 of the Law on Profit Tax sets forth that capital gains or losses incurred during a fiscal year can be offset , and net gain or loss can be added to or subtracted from tax base, if they are not included in income or expenses	Republic of Srpska Ministry of Finance
39.	Article 13 of the Law on Profit Tax sets forth that fiscal loss, which is a negative difference between revenues and expenses in determining the tax base, shall be carried over and compensated for by reduction of tax base in the following five years , and if a taxpayer suffers a loss in several fiscal years, the fiscal loss from an earlier fiscal year shall be compensated before the fiscal loss from a later fiscal year	Republic of Srpska Ministry of Finance
40.	Article 14a of the Law on Profit Tax introduces a relief in the form of reduction of tax base for the amount of investment made in equipment, plant and immovable property for a taxpayer performing their own registered manufacturing	Republic of Srpska Ministry of Finance

	activity	
41.	<p>Article 14b of the Law on Profit Tax sets forth a relief relating to reduction of tax base when computing profit tax by the amount of income tax and contributions paid for the newly employed workers, for at least 30 new employees in one fiscal year during a period of three years from the date of employment of those workers</p>	Republic of Srpska Ministry of Finance
42.	<p>Article 28, paragraph 2 of the Law on Profit Tax sets forth that withholding tax shall not apply to the following revenues: a) profit repatriated to the country of the foreign legal person that is attributable to their permanent place of business, provided that the foreign person owns 10% or more of the stock of the foreign legal person in the Republic of Srpska. Repatriated profit means legal person's remaining profit after tax payment; b) revenues in the form of interest on debt instruments issued or guaranteed by persons mentioned in Article 7, paragraph 1, item (v); v) revenue in the form of interest on deposit; g) revenue in the form of dividends; d) revenue in the form of interest or its functional equivalent paid on a debt obligation between the permanent place of business or subsidiary to its foreign parent, if no reduction was taken by the interest payer when computing their tax base; đ) revenue in the form of royalties paid by the permanent place of business or subsidiary to its foreign parent, if no reduction was taken by the payer in computing their tax base; e) interest on loans and credits used by a resident for investments in equipment, plant and immovable property in the sense of Article 14a of this Law</p>	Republic of Srpska Ministry of Finance
43.	<p>Article 18 of the Law on Income Tax sets forth the treatment of losses arising from self-employment</p>	Republic of Srpska Ministry of Finance
44.	<p>Article 9 of the Law on Real Estate Tax sets forth the exemptions from payment of real estate tax</p>	Republic of Srpska Ministry of Finance
45.	<p>Article 8, paragraph 2 of the Law on Real Estate</p>	Republic of Srpska Ministry of Finance

	Tax sets forth that, in case of performance of deficient manufacturing or craft activity, the payer may be exempt from liability	
46.	IBBRS loans for start-up activities	Republic of Srpska Investment Development Bank
47.	IBBRS loans for microbusiness in agriculture	Republic of Srpska Investment Development Bank
48.	IBBRS loans for entrepreneurs and enterprises	Republic of Srpska Investment Development Bank
49.	Loans for small- and medium-sized enterprises (SME) from European Investment Bank (EIB) funds	Republic of Srpska Investment Development Bank
50.	IBBRS loans for agriculture	Republic of Srpska Investment Development Bank
51.	<p><i>For the purpose of implementation of the BiH Gender Action Plan, by means of donor funds of the BiH FIGAP program, through the Agricultural Advisory Service</i></p> <ul style="list-style-type: none"> ▪ Organization of trainings through which women are given opportunities to develop and enhance their entrepreneurial potentials 	Republic of Srpska Government Gender Center
52.	<p><i>For the purpose of implementation of the BiH Gender Action Plan, by means of donor funds of the BiH FIGAP program, through the Agricultural Advisory Service</i></p> <ul style="list-style-type: none"> ▪ Program focused on empowering women through information and granting incentive funds for development of rural women business activity through various forms of organization (associations and cooperatives) 	Republic of Srpska Government Gender Center
53.	Funding of programs, projects and studies	Republic of Srpska Environmental Protection and Energy Efficiency Fund

SOURCE: Ministry of Foreign Trade and Economic Relations of BIH