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## **THE LAW ON TAX PROCEDURE OF THE REPUBLIC OF SRPSKA**

### **I - GENERAL PROVISIONS**

#### **Subject Matter of the Law**

##### **Article 1**

This Law governs the organisation, competences, rights and obligations of the Tax Administration of the Republic of Srpska, rights and obligations of taxpayers, the tax procedure, payment of tax liabilities, regular and enforced collection of tax liabilities, as well as other forms of termination of tax liabilities, tax audit, legal remedy procedure, supervision, and tax related violations in the Republic of Srpska.

#### **Definitions**

##### **Article 2**

Terms used in this Law have the following meaning:

- a) tax is any payment obligation, prescribed by tax regulations, which the taxpayer is obliged to pay to the budgets of the Republic of Srpska, municipalities, cities and funds, which represents an irrecoverable, compulsory levy,
- b) surtax is any form of payment to the budget of the Republic of Srpska, municipality, city and funds ensuing from obligation to pay tax, including tax related interest, costs of procedure, and other payments prescribed by tax regulations, as well as minor offence fines,
- c) tax liability is an obligation of payment of due taxes within deadlines prescribed by tax regulations,
- d) taxpayer is a natural or legal person, part of legal person, or other entity obliged to pay tax in line with tax regulations in the Republic of Srpska (hereinafter 'the Republic'),
- e) tax agent is a person required by tax regulations to collect any tax from another person by withholding or any other method and pay such tax,
- f) taxpayer representative is a person authorised by law, general act or contract to conduct some part or all of the affairs of the taxpayer connected with the taxpayer's fulfilment of tax liabilities,
- g) tax regulations are regulations pertaining to taxes or to introduction of obligation to pay taxes and surtaxes, as well as bylaws issued based on tax laws,
- h) tax secret is any information about a taxpayer which is in possession of the Tax Administration of the Republic of Srpska (hereinafter 'the Tax Administration'), which may be disclosed to third parties only in the cases foreseen by this Law and
- i) books and records are documentation pertaining to taxpayer's activities, transactions, payments, and income and expenditures, kept in accordance with tax regulations and regulations governing the field of accounting.

## Application of the Law

### Article 3

Provisions of this Law shall apply to tax procedure, and if an issue is not regulated hereunder, the provisions of regulations governing general administrative procedure shall apply.

### Tax Secret

### Article 4

(1) The Tax Administration shall provide security and confidentiality of tax information and data collected from taxpayers which might cause damage to the taxpayer in case of disclosure.

(2) Any person employed in the Tax Administration shall keep the data and information obtained in the course of performing work tasks as an official secret.

(3) Notwithstanding paragraph 2 of this Article, the Tax Administration shall give the data kept as official secret to:

a) the Ministry of Finance (hereinafter 'the Ministry'), and other bodies of administration and administrative organisations and institutions exercising public authority of the Republic, which shall keep the received data as an official secret,

b) competent court, competent public prosecutor's office and Ministry of the Interior, for the purpose of establishing tax violation liability and tax related crimes,

c) foreign tax authorities in accordance with international agreements and

d) other persons upon written consent of the taxpayer.

(4) Tax secret shall not include:

a) information and data for which the taxpayer has specifically stated in writing that they are not to be considered a tax secret,

b) information and data given in such a form that they cannot be associated with an individual taxpayer, or otherwise identified,

c) name and identification number of taxpayer,

d) information and data which may be used in the investigation or procedure concerning tax crimes,

e) data from the Unified System for the needs of system users and pertaining to the scope of their work,

f) data from the Annual Certificate issued by the Tax Administration, if issued to a competent trade union at their request, for the purpose of protection of rights of workers, and

g) data on due and outstanding liability of taxpayers, if issued to the public media or published on the Tax Administration web page in the form of activity report.

(5) Notwithstanding paragraph 3 of this Article, the Tax Administration shall issue data and information pertaining to the status of tax liabilities of a taxpayer, at written request, to a person which proves legal interest.

(6) Legal interest exists with a person having a legal relation with tax debtor and having certain receivables in relation to the tax debtor as a result of that legal relation.

## II - ORGANISATION, COMPETENCE, RIGHTS AND OBLIGATIONS OF THE TAX ADMINISTRATION

### Tax Administration Organisation

## Article 5

(1) The Tax Administration is an administrative body of the Republic, a constituent part of the Ministry.

(2) The Tax Administration is seated in Banja Luka.

(3) Tax Administration organisation includes the central office, regional centres, local offices and temporary offices, as well as other organisational units as prescribed by the act on internal organisation and systematisation of workplaces in the Tax Administration.

(4) The Tax Administration shall be managed by a director, to be appointed and dismissed by the Government of the Republic of Srpska (hereinafter 'the Government').

### Special Provisions on Responsibility of Tax Administration Employees

## Article 6

(1) Regulations governing employment and salaries in the administrative bodies of the Republic shall apply to the status under labour law and salaries of appointees and employees in the Tax Administration.

(2) In addition to serious misconduct established by the regulation governing the status under labour law of civil servants and non-civil servants in the administrative bodies of the Republic, the civil servants and non-civil servants in the Tax Administration shall also be liable for a serious misconduct if they:

- a) refuse to provide free-of-charge information to taxpayers at their request,
- b) fail to issue tax certificate within the prescribed deadline, i.e. fail to issue decision on refusal without objectively justified reason,
- c) fail to timely update the data entered into tax records,
- d) fail to timely undertake prescribed measures pertaining to collection of tax liabilities,
- e) fail to deliver to taxpayer a notice on overpaid taxes, within the prescribed deadline, and
- f) purposely or out of gross negligence make an incorrect record of taxpayer's liability in tax records.

(3) Internal organisation and systematisation of workplaces in the Tax Administration shall be prescribed by a rulebook to be issued by the director and approved by the Government.

### Tax Administration Competence

## Article 7

The Tax Administration shall be competent for the following:

- a) registering and identifying taxpayers,
- b) assessing tax liability in line with the law,
- c) auditing legality and regularity in the application of tax regulations, including calculation and payment of taxes and interest,
- d) regular and enforced collection of taxes and surtaxes,
- e) auditing calculations of gross salaries of employees for the purpose of this Law and provisions of the General Collective Agreement and other agreements concluded in reference thereto,
- f) detecting and preventing perpetration of crimes and tax violations within the scope of its competence, and filing reports to the competent prosecutor's office,
- g) conducting first instance tax procedures,

- h) imposing protection measures and penalties for tax violations, in line with the law,
- i) keeping tax records and tax books,
- j) keeping the fiscal real estate register and other prescribed registers,
- k) informing and educating taxpayers, at their request, about current taxes, procedures and tax payment requirements, their rights and obligations, and tax regulations,
- l) issuing certificates pertaining to data kept in its official records,
- m) preparing activity reports and publishing them on the web page of the Tax Administration, where the form, the contents, the method and requirements of publishing shall be prescribed by the Minister of Finance (hereinafter 'the Minister'), and
- n) other tasks in accordance with the law.

### Obligation to Provide Professional Assistance

#### Article 8

Republic administrative bodies, organisations, public enterprises, institutions and funds shall provide necessary professional assistance to the Tax Administration for the purpose of implementation of tax regulations.

### International Legal Assistance in Tax Matters

#### Article 9

- (1) The Tax Administration has the right to seek international legal assistance in its work.
- (2) For the purpose of this Law, international legal assistance means the right of the Tax Administration to refer to a foreign tax body with a request for assistance in resolving a certain tax case, as well as to deliver to this body available information and documents pertaining to a specific taxpayer.
- (3) Provision of international legal assistance shall be based on international agreements.
- (4) If no international agreement has been concluded, legal assistance shall be provided under the following conditions:
  - a) there is reciprocity, or
  - b) delivery of information does not endanger public order and other interests of the Republic, there is no danger of disclosing official, commercial, industrial, technological or professional secrets, and delivery of information shall not cause damage to taxpayer which is inconsistent with the purpose of the legal assistance.
- (5) The person to which the information and documents relate shall be notified before the delivery of information and documentation to a foreign tax authority.

### Unified System of Registration, Control and Collection of Contributions

#### Article 10

- (1) The Tax Administration manages the Unified System of Registration, Control and Collection of Contributions, which is an administrative and technical system enabling the Tax Administration to register, control and collect contributions and gather data from contribution payers and beneficiaries.
- (2) The Unified System users are Health Insurance Fund of the Republic of Srpska, Pension and Disability Insurance Fund of the Republic of Srpska, Public Fund for Child Care

of the Republic of Srpska, and Employment Bureau of the Republic of Srpska (hereinafter 'System users').

(3) Contribution payers and beneficiaries shall be subject to registration with the Unified System.

(4) Database of the Unified System is a unique record of all contribution payers and beneficiaries, data necessary to control payment of contributions and data for exercising the rights ensuing from compulsory and voluntary insurance.

(5) The Unified System produces reports on risky contribution payers and identifies the payers which are avoiding payment, underpaying or underreporting contributions, or failing to file the application for registration with the Unified System.

(6) The Tax Administration shall provide to Unified System users unrestricted access to Unified System database, transfer and use of data from their respective scope of competences.

(7) The Tax Administration shall issue to contribution beneficiaries a certificate from the Unified System, containing data on period of insurance, amount of paid or unpaid contributions and amount of earnings, at the latest by 30 June of the current year for the previous year, and may issue it also at the request of the contribution beneficiary.

(8) The Tax Administration shall keep permanently the documentation from the Unified System and maintain an information system which enables storing, using and reconstructing data from the Unified System database even in case of consequences of force majeure, and maintain an information system which meets the minimum requirements for functioning of the Unified System at a different location, which is at least 50 kilometres air distance from the primary database location at the territory of the Republic.

(9) The method of establishment of database and method of risk categorisation of contribution payers, as well as methods, requirements, and procedure of registration with the Unified System shall be prescribed by a rulebook to be issued by the Minister of Finance (hereinafter 'the Minister'), at the proposal of the director of the Tax Administration.

## Unified Records of Reported and Paid Taxes

### Article 11

(1) The Tax Administration shall keep the Unified Records of Reported and Paid Taxes.

(2) The Unified Records of Reported and Paid Taxes is a sub-ledger providing for the establishment and maintenance of analytical data on taxpayer liabilities.

(3) Individual records on each taxpayer's total liabilities and payments shall be provided by means of a unique taxpayer card.

(4) A document issued based on the data from the Unified Records of Reported and Paid Taxes constitutes a public document.

(5) The Tax Administration shall keep the records in an integrated information system.

(6) Within its information system, the Tax Administration shall regulate and provide for processing, coding, transfer and rendering of data.

(7) Bookkeeping records of taxpayer liabilities in the General Ledger of the Treasury of the Republic of Srpska shall be made on the day of balance of accounts, based on a report from the Unified Records pertaining to reported and paid taxes.

## Tax Certificate

### Article 12

(1) The Tax Administration shall issue a written certificate on facts kept in its official records using the data contained in the unified taxpayer card.

(2) A tax certificate shall be issued at verbal request of the taxpayer, his/her legal representative or proxy, without delay, at the latest within five days from the day of submitting of the request.

(3) If the Tax Administration refuses the request for tax certificate, it shall issue a special decision thereabout, against which an appeal may be lodged with the Ministry, within 15 days from the day of delivery of the decision.

(4) In case the Tax Administration fails to issue the certificate within the deadline referred to in paragraph 2 of this Article, and fails to issue a decision on refusal of the request, the taxpayer has the right to appeal to the Ministry within 15 days from the date of receipt of the decision, as if the request had been refused.

## Tax Board

### Article 13

(1) The Tax Board shall be in charge of coordination of activities and processes between the competent representatives of business community (representatives of Chamber of Commerce, Employers Union) in the Republic, the representative majority trade union, representatives of pensioners, and representatives of the Government, in matters relevant for the application of tax laws and improvement of business ambiance in the Republic.

(2) The Tax Board, as an advisory body, shall be appointed by the Government and shall include one representative of the business community, one representative of a representative majority trade union in the Republic, one representative of pensioners in the Republic, and two representatives of the Government, namely professionals from the field of taxes and tax system.

(3) The Tax Board shall examine issues relevant for tax treatment and taxation of businesses and other taxpayers in the Republic, and provide expert opinions and proposals for resolution of issues referred to in paragraph 1 of this Article.

(4) Tax Board members shall be appointed for a two-year term, while requirements, method and procedure of the work thereof shall be prescribed under the Rules of Procedure issued by the Tax Board and published in the Official Gazette of the Republic of Srpska.

## Rights and Obligations of Taxpayers

### Article 14

Taxpayer shall have the right and the obligation to:

a) register with the Tax Administration and report to the respective office of registration any change of address or change of company organisation as well as any change of other data subject to registration with the Tax Administration,

b) obtain free copies of tax forms and declarations,

c) file tax declarations in the format, in the place and at the time prescribed by law,

d) settle tax liabilities in the manner and under the terms laid down by law,

e) obtain from the Tax Administration free information pertaining to taxes, as well as to tax regulations governing payment procedures and payment terms for tax liabilities,

f) elect the bookkeeping method in line with tax regulations for the purpose of calculation and payment of taxes, keep books and records as prescribed by tax regulations, and ensure the maintenance of such books and records, including associated computerised records and files,

for five years from the due date of the tax liability or declaration of the tax to which the books and records relate,

g) as a legal person or organisation seated in the Republic, i.e. as a foreign legal person or organisation producing income in the Republic, inform the Tax Administration about opening or closing any bank account in the country or abroad, within five days from the day of registration,

h) represent own interests in a tax procedure, personally or through a representative,

i) provide explanation to the Tax Administration with regard to calculation and payment of taxes,

j) be present at all audits, in line with the law,

k) make available or submit to the Tax Administration all documents required for audit procedure,

l) not hinder any officials of the Tax Administration in conducting their duties established by law, and

m) other rights and obligations established by law.

### III - TAX PROCEDURE

#### Tax Procedure Concept

##### Article 15

(1) Tax procedure constitutes an administrative procedure managed by the Tax Administration in the first instance, and by the Ministry in the second instance.

(2) Tax procedure shall include:

a) registration,

b) filing and assessment of tax liabilities,

c) issuing of tax certificate,

d) regular collection of tax liabilities,

e) enforced collection of tax liabilities,

f) tax audit,

g) deferral of payment of due tax liabilities and

h) second-instance tax procedure.

(3) In addition to the administrative procedure referred to in paragraphs 1 and 2 of this Article, the Tax Administration shall also manage the tax related minor offence procedure.

#### Initiation of Tax Procedure and Acts

##### Article 16

(1) Tax procedure shall be initiated ex officio, i.e. as per request of a party.

(2) Tax act is tax decision, conclusion, tax audit order, tax audit report, and other acts used to initiate, amend, change, or complete an action in tax procedure.

(3) Appeal against a first-instance decision or conclusion may be lodged with the Ministry within 15 days from the day of delivery of the decision, i.e. conclusion, to the taxpayer.

#### Summons

##### Article 17

(1) In conduct of tax procedure the Tax Administration may summon any person to make a statement or produce documents or other books and records necessary for the implementation and execution of tax regulations, in the capacity of a party in the procedure, an interested party or any other party deemed by the Tax Administration to be in possession of information or documentation relevant to the respective tax procedure.

(2) The summons shall contain the designation of tax case, the designation of ongoing procedure, the time and place for depositing of statement or production of documents, as well as rights and obligations of the summoned party, indication of capacity of the person summoned, consequences of failure to respond to summons, and accurate list of documentation in case a person is summoned for the purpose of producing documentation.

(3) The summons shall be served on the person at least five days before the date of taking of action in the procedure which is the subject of the summons.

(4) Minor persons or adults without capacity shall be summoned via legal representative.

(5) A summoned person is entitled to have his/her representative participate in the procedure of depositing statement and record the course of the action on the appropriate media.

(6) A written record of the statement shall be drawn up, signed and dated by the person conducting the procedure. A video or audio tape recorded during the procedure shall be attached to the written record.

(7) If a duly summoned person fails to respond to the summons, and fails to justify his/her absence, or if the summons cannot be duly served because of taxpayer's avoiding to receive the summons, the person shall be apprehended by the Tax Administration with the assistance of the Ministry of the Interior.

## Service

### Article 18

(1) Tax acts shall be considered served when handed over to the taxpayer, his/her legal representative, his/her proxy for tax affairs or his/her ex officio representative, and in the case of state bodies, companies and other legal persons when handed over to a person in charge of receiving documents, or in his/her absence, to another person who is in any way whatsoever authorised for receiving documents.

(2) If the taxpayer is a natural person, i.e. an entrepreneur, tax acts shall be considered served also when handed over to an adult member of the household, or to a person employed with the respective entrepreneur.

(3) Persons referred to in paragraph 1 of this Article shall be served in person, via postal services or a courier service using a delivery note.

(4) For the purpose of this Law, service of documents shall also be deemed regular in case the persons referred to in paragraph 1 of this Article refuse to receive or sign tax acts, if the person serving the acts makes an official note thereabout.

(5) Notwithstanding, if the service referred to in paragraphs 1 through 3 of this Article could not be done, it shall be considered done after the expiry of three days from the date of submission of the tax act to the post office to be sent by registered mail to the taxpayer's address specified in the application for registration or in the latest tax declaration.

(6) Notwithstanding, tax acts may also be served on the taxpayer electronically, and the date specified in the e-mail return receipt shall be considered the date of service if the tax act is sent electorally.

## Evidence



## Article 19

- (1) Facts pertaining to tax procedure shall be established from evidence.
- (2) Means of evidence in tax procedure include tax declaration, business books and records, accounting statements, business documentation and other documents and information available to the Tax Administration, which were collected from the taxpayer or from third parties, testimonies, findings and opinions of court experts, crime scene investigation and any other means of evidence which enables establishing the facts.
- (3) The official conducting tax procedure shall independently decide which facts to establish in the procedure and by which means of evidence, taking into account the cost-effectiveness and efficiency of the procedure.
- (4) Minutes of presentation of evidence shall be prepared and make an integral part of the tax audit report.

## IV - TAXPAYER REGISTRATION PROCEDURE

### Place and Manner of Registration

## Article 20

- (1) The Tax Administration shall register taxpayers.
- (2) Taxpayers shall register with the Tax Administration in the place, at the time, and in the manner laid down in this Law.
- (3) Registration with the Tax Administration shall constitute, at the same time, registration with the Unified System of Contribution Payers.
- (4) Taxpayer registration application shall include the Taxpayer's Identification Number, the taxpayer's principal place of business, the location of the taxpayer's books and records, as well as other relevant information to be supplied in the registration form.
- (5) Enclosed with the application for registration, a taxpayer - legal person or organisation shall submit to the Tax Administration a decision on registration including attachments, and taxpayer - entrepreneur shall submit a decision on registration issued by the competent body, as well as other documents prescribed under the law and bylaw.
- (6) When registering, contribution payers shall submit the application including the evidence of the origin of contribution payer's liability.
- (7) After completion of registration procedure, the Tax Administration shall issue a certificate of registration to the taxpayer.
- (8) A Taxpayer Identification Number (TIN) shall be deregistered at taxpayer's request, following the settlement of all tax liabilities.
- (9) A duplicate certificate of registration shall be issued by the Tax Administration at the request of taxpayer, under the conditions more specifically defined by the act referred to in Article 28, paragraph 3 of this Law.

### Taxpayer Identification Number

## Article 21

For the purpose of identification of taxpayers, the Tax Administration shall issue Taxpayer Identification Numbers (TIN) to taxpayers during the registration procedure.

## Persons Obligated to Have the TIN

### Article 22

- (1) The following persons shall have a Taxpayer Identification Number:
- a) legal person or another entity seated in the Republic,
  - b) foreign legal person or another entity producing income in the Republic,
  - c) natural person which has no permanent or temporary place of residence in the Republic, but produces income in the Republic,
  - d) natural person - entrepreneur,
  - e) establishment of a foreign legal person in the Republic, and
  - f) establishments of legal persons seated in the Federation of Bosnia and Herzegovina and Brčko District.
- (2) An establishment of a foreign legal person is establishment as defined under the provisions of regulations governing corporate income tax.
- (3) The establishment referred to in paragraph 2 of this Article shall be subject to the provisions of this Law pertaining to legal persons, unless otherwise prescribed by this Law.
- (4) Natural person, i.e. taxpayer with permanent place of residence in the Republic shall register with the Tax Administration using the citizen's personal identification number, or be assigned a Personal Identification Number (hereinafter 'the PIN') by the Tax Administration.

### Obligation to Enter TIN

### Article 23

- (1) The person required under tax regulations to submit a declaration, statement or other document to a tax body shall include the Taxpayer Identification Number in the declaration, statement or other document.
- (2) Unless otherwise provided in tax regulations, the Taxpayer Identification Number shall be unique and the only number of the respective taxpayer for all taxes and surtaxes.

### Establishments, Representative Offices, Principal Places of Business

### Article 24

- (1) Legal person, other entity or entrepreneur from the Republic whose principal place of business is in the Republic shall register with the organisational unit of the Tax Administration whose jurisdiction includes that principal place of business.
- (2) For the purpose of paragraph 1 of this Article, the principal place of business shall be the place of business designated by the respective taxpayer as the principal place of business.
- (3) Legal person or other entity from the Republic whose principal place of business is outside the Republic shall register with the head office of the Tax Administration.
- (4) Separate organisational unit of a legal person or other entity from the Republic shall register with the organisational unit of the Tax Administration whose jurisdiction includes the location of the principal place of business of that separate organisational unit.
- (5) Representative office of a foreign legal person or other entity in the Republic shall register with the organisational unit of the Tax Administration whose jurisdiction includes the location of the principal place of business of that representative office.

### Registration Application

## Article 25

(1) The application for taxpayer registration referred to in Article 20 of this Law shall be submitted to the Tax Administration within eight days from the date of registration with the bodies in charge of registration of legal persons, other entities or entrepreneurs.

(2) If a taxpayer fails to file the registration application within the period stipulated in paragraph 1 of this Article, the Tax Administration shall conduct an ex officio registration, if it possesses information pertaining to effective obligation to register.

(3) If the taxpayer referred to in Article 24 of this Law changes its principal place of business, ownership structure, status or legal form, that taxpayer shall notify the Tax Administration thereof in writing, within eight days.

(4) If the taxpayer referred to in Article 24 of this Law changes its principal place of business and the new principal place of business is within the jurisdiction of a different organisational unit of the Tax Administration, then the taxpayer shall notify the Tax Administration thereof within eight days, and the Tax Administration's organisational unit shall conduct ex officio registration with the organisational unit located at the territory of the new principal place of business of the taxpayer.

## Unified System Registration Application

### Article 26

(1) Application for employee registration with the Unified System shall be filed by the employer, within eight days from the date of start of employment.

(2) Voluntary contribution payer shall register with the Tax Administration in line with the place of residence, within eight days from the date of start of insurance.

(3) Notwithstanding paragraph 1 of this Article, the application for registration with the Unified System may be filed by the contributor - employee if the employer fails to do so upon expiry of deadline referred to in paragraph 1 of this Article, in the manner and under conditions set by this Law.

## Taxpayer Deregistration

### Article 27

(1) The Tax Administration shall deregister a taxpayer, at taxpayer's request, following a tax audit and after establishing that the respective taxpayer has paid all his/her tax liabilities.

(2) The tax audit procedure referred to in paragraph 1 of this Article shall commence at the latest ten days from the day of receipt of taxpayer's deregistration request.

(3) The Tax Administration shall deregister a contributor based on the contribution payer's application, after it establishes that all liabilities arising from contributions have been settled in full for the respective contributor.

(4) Notwithstanding paragraph 3 of this Article, the Tax Administration shall deregister a contributor from the Unified System ex officio or at contributor's request in the following cases:

a) when the contribution payer has ceased its business operations based on a decision issued by the competent body, and has failed to submit the deregistration application, and

b) at contributor's personal request if he/she holds a legally justified interest in doing so in line with the law, regardless of whether the contribution payer has settled all the liabilities pertaining to contributions for the respective contributor.

### Obligation to Provide Data

#### Article 28

(1) A court, local self-government body, or another body responsible for entry of persons performing an economic or professional activity into the appropriate register, shall notify the Tax Administration about entry into the register, deletion, or entry of any change into the respective register, within five days following the date of the entry, change or re-entry.

(2) An administrative body keeping the records of permanent or temporary place of residence, or birth or death of natural persons shall inform the Tax Administration about the registration or deregistration of permanent or temporary residence, or death within five days.

(3) Conditions for the manner and procedure of identification and registration of taxpayers, as well as forms used for registration, shall be prescribed by a rulebook to be issued by the Minister, at the proposal of the director of the Tax Administration.

### Taxpayer Account Opening

#### Article 29

A bank or another organisation performing payment transactions (hereinafter 'the bank') may open an account for the taxpayer - legal person, part of a legal person or entrepreneur, only if the taxpayer provides the certificate of registration with the Tax Administration.

## V - TAX LIABILITY DECLARATION AND ASSESSMENT PROCEDURE

### Tax Declaration Definition and Filing

#### Article 30

(1) Tax declaration is a taxpayer's report to the Tax Administration pertaining to income produced, expenditures incurred, profit, property and other facts and acts relevant for the assessment of tax liability.

(2) A taxpayer shall file a tax declaration on a prescribed form, within the deadline established by regulations prescribing the obligation to pay specific types of taxes, with the organisational unit of the Tax Administration where the taxpayer is registered.

(3) A taxpayer, or taxpayer's legal representative or proxy, shall sign the tax declaration. If the declaration or a part of it was prepared by some other qualified person, then that qualified person shall also sign the tax declaration and enter his/her identification number.

(4) Tax declaration shall be filed within the prescribed deadline, directly, by mail or in an electronic format, in the manner prescribed by a rulebook issued by the director of the Tax Administration upon approval of the Minister.

(5) If tax declaration is filed by mail, the date of its submission to the post office to be sent by registered mail shall be deemed the date of filing with the Tax Administration.

### Extension of Deadline for Tax Declaration Filing

## Article 31

(1) At a taxpayer's written request filed before the expiration of tax declaration filing deadline, the Tax Administration may extend the period for the submission of tax declaration for justifiable reasons (illness, stay abroad, accident, force majeure, etc.), until termination of those reasons, and at the latest up to three months from the day of expiry of legal deadline for tax declaration filing.

(2) The Tax Administration shall decide on the request for extension of filing deadline within five days from the day of submitting of the request.

(3) The extension of tax declaration filing period shall not affect the due date for payment of tax liability.

## Tax Declaration Amendment

### Article 32

A taxpayer may amend a previously filed tax declaration in order to correct an error or omission made in the original tax declaration, at the latest by the expiration of the year in which the declaration was filed.

## Specific Declarations

### Article 33

(1) An information declaration is a report that a taxpayer is required to file with the Tax Administration, in which he/she provides information related to the payment of tax or other information necessary for the implementation of tax regulations. The conditions and manner of filing shall be prescribed by tax regulations.

(2) A withholding tax declaration is a report that a tax agent is required to file with the Tax Administration providing information related to the calculated and paid withholding tax.

(3) Tax agent shall deliver a copy of the declaration referred to in paragraph 2 of this Article to the person from whose income the taxes have been withheld and collected.

(4) A taxpayer may amend the declarations referred to in paragraphs 1 and 2 also after expiry of the respective filing deadline in order to correct errors or omissions in the originally filed declaration.

## Tax Liability Due Date and Payment

### Article 34

(1) Tax liability shall be considered due on the date determined by tax regulations.

(2) Tax liability shall be paid directly by the taxpayer, except in cases where this Law or other tax regulations prescribe that another person shall be responsible for payment of tax liability of the respective taxpayer.

(3) Tax liability shall be settled in the manner and procedure prescribed under this Law, and the liability shall be extinguished by the settlement of tax liability.

(4) Provisions pertaining to tax liability shall apply to surtaxes as well, unless otherwise provided under this Law.

(5) Tax liability may also be settled by a third party on behalf of the taxpayer.

## Liability Settlement by Tax Agent

### Article 35

Taxpayer's tax liability which a tax agent is obliged to pay in accordance with tax regulations, shall be the tax agent's liability from the moment he/she collects it from the taxpayer.

## Responsibility of a Legal Successor

### Article 36

(1) Tax liability of a legal person or another entity which is being liquidated due to status changes shall be settled by its legal successor in compliance with regulations governing company operation.

(2) Deadline for settlement of tax liability of a legal person being liquidated due to status changes shall not change once the settlement of the liability has been transferred to its legal successor.

(3) Change of legal form of a legal person shall not affect the settlement of tax liability.

## Responsibility of an Heir

### Article 37

(1) Tax liability of a deceased person (testator) shall be settled by his/her heirs up to the value of inherited property.

(2) In case there are several heirs, they shall be jointly and severally liable for the debts of the testator, namely each up to the value of his/her inheritance share.

(3) If the inherited property is insufficient to settle the total amount of tax liability of the testator, the outstanding amount of the tax liability shall be written off.

## Related Persons

### Article 38

Related person is a person who is connected with a taxpayer in terms of a tax or another regulation and who shall be liable for the obligations of the respective taxpayer in cases where it is established that tax liability cannot be collected from the taxpayer in any of the legally prescribed methods.

## Tax Liability Assessment

### Article 39

(1) Tax liability is assessed by entering the taxpayer's tax liability into the Tax Administration records, after receiving tax declaration from the taxpayer in which the taxpayer stated his/her tax liability.

(2) The tax declaration referred to in paragraph 1 of this Article shall become an enforceable document upon expiry of legal deadline for payment of tax liability reported therein.

(3) Tax liability assessment is an operation to establish existence of individual tax liability, taxpayer, tax base, and the amount of tax liability.

(4) Notwithstanding the provision of paragraph 1 of this Article, the Tax Administration shall record a tax liability following the issuance of a decision pertaining to the payment of tax liability.

(5) Based on the enforceable document referred to in paragraph 2 of this Article, the Tax Administration shall initiate and conduct an ex officio enforced collection procedure in line with the provisions of this Law.

### Decision on Tax Liability Payment

#### Article 40

(1) By means of decision on tax liability payment, after completion of tax audit, the Tax Administration shall assess the tax liability and order the taxpayer to pay the assessed tax liability within 30 days following the delivery of the decision.

(2) The decision referred to in paragraph 1 of this Article shall not apply to the liabilities reported in accordance with Article 39, paragraphs 1 and 2 of this Law.

(3) If two or more persons are jointly and severally liable for a liability, then decision on tax liability payment shall be issued to each of them, whereas payment of the entire liability may be executed by any of them.

### Tax Liability Termination

#### Article 41

(1) Tax liability shall be terminated by:

- a) settlement - payment or substitute for payment in line with the law,
- b) collection of tax,
- c) statute of limitation on assessment and collection of tax liability,
- d) tax write-off, and
- e) in other manner prescribed under law.

(2) Payment of taxes and surtaxes shall be made to the prescribed accounts in line with the regulations of the Minister.

## VI - TAX LIABILITY PAYMENT PROCEDURE

### Tax Collection

#### Article 42

(1) For the purpose of this Law, tax collection shall be the regular and the enforced collection.

(2) Regular tax collection implies payment of tax liability within the prescribed deadline or deadline established under the decision on payment.

(3) Enforced collection shall be undertaken upon expiration of the legal deadline for payment of reported tax liabilities or upon expiration of payment deadline established under an enforceable decision referred to in Article 40 of this Law.

(4) Provisions pertaining to tax collection shall also apply to collection of surtaxes.

## Tax Liability Payment Modalities

### Article 43

(1) Payment of tax liability shall be made through a bank, to the prescribed public revenue accounts, within deadlines established under tax regulations.

(2) Notwithstanding the provision of paragraph 1 of this Article, the settlement of tax liability may be executed by means of the following:

- a) purchase of fee stamps or other securities containing tax liability,
- b) offset, in line with tax regulations,
- c) conversion of tax debt into company shares, in accordance with a special law,
- d) transfer of seized property to the Republic following enforced collection and
- e) other prescribed modalities.

### Day of Tax Liability Payment

#### Article 44

(1) Day of tax liability payment shall be considered the day on which payment of the tax liability is received in the appropriate account.

(2) Day of taxpayer's tax liability payment shall also be considered the day on which a bank receives a transfer order from the taxpayer to transfer funds from the taxpayer's account to the appropriate account, provided there are sufficient funds in the taxpayer's account and the bank is authorised to transfer the funds to the appropriate accounts.

(3) In line with its legal authority, a bank shall execute a person's funds transfer order for the purpose of payment of tax liabilities as long as there are sufficient funds in the account of that person.

(4) The transfer order for liability payment shall be executed by the bank within one business day from the day of receipt of the transfer order.

### Order of Tax Liabilities Payment

#### Article 45

(1) When making payment, a taxpayer shall designate the type of tax liability or surtax to be paid, not indicating the period for which the liability is being paid.

(2) The amount paid shall be distributed in the following order: first the amount of taxes per due date starting from the earliest payment liability due, followed by the amount of interest on the liability.

(3) For enforced collection procedure, the order of distribution of collected amount shall be the following: costs of procedure, contributions, principal debt, and amount of interest.

### Temporary Assurance for Collection of Tax Liabilities

#### Article 46

(1) For the purpose of assurance of collection of tax liability whose existence has been made probable, and where danger exists that the taxpayer might prevent, i.e. impede the collection, the Tax Administration may establish temporary measures to secure the collection by means of a conclusion.



(2) The conclusion referred to in paragraph 1 of this Article shall become enforceable upon delivery to the taxpayer and include also a rationale as to the Tax Administration's reasons for believing that a danger exists that the taxpayer might prevent the collection of undue tax liability.

(3) For the purpose of this Law, security measures include:

a) injunction of disposal of movable property, effectuated by means of delivery of the conclusion imposing security measure to a body in charge of keeping the register of movable property, for the purpose of entry of the injunction in the relevant register of movable property,

b) injunction of disposal of immovable property, effectuated by means of delivery of the conclusion imposing security measure to a body in charge of keeping the register of immovable property, for the purpose of entry of the recordation in the relevant register of immovable property, and

c) blocking the taxpayer's account, effectuated by means of delivery to a bank of the conclusion imposing security measure, to be enforced as prescribed under the conclusion.

## VII - REGULAR COLLECTION OF TAX LIABILITY

### Payment Notice

#### Article 47

(1) Taxpayer failing to fully or partly file or pay tax liability following the due date shall receive from the Tax Administration a notice pertaining to the type and amount of due tax liability or surtax, as a caution to file or settle due tax liability.

(2) The notice referred to in paragraph 1 of this Article shall be delivered by mail, e-mail or telephone, and if delivered by telephone, the official of the Tax Administration shall make an official note thereabout and enclose it in the case file.

### Deferred Payment of Due Tax Liabilities

#### Article 48

(1) Payment of due tax liabilities may be deferred to a taxpayer in whole or in part provided that payment of such due tax liabilities on the due date may result in a taxpayer's difficult financial situation, after the fulfilment of other conditions stipulated by this Law and regulation.

(2) The Minister shall decide on the deferral of payment of tax debt, after the fulfilment of the conditions referred to in paragraph 1 of this Article, on the basis of the taxpayer's written and reasoned request.

(3) The request for deferral of payment of tax liabilities under this Law may be submitted at the latest 30 days from the date of delivery of decision on tax liability payment or from the due date for payment of reported tax liabilities.

(4) The decision referred to in paragraph 2 of this Article may approve a one-off deferral or the payment of the tax debt in instalments in the manner and under conditions prescribed by this Law and regulations.

(5) The decision referred to in paragraph 2 of this Article shall contain justified reasons for which the deferral has been approved.

(6) The deferral of payment of the tax debt may be approved to a taxpayer if, together with the fulfilment of all prescribed conditions, such taxpayer settles due individual liabilities

arising from contributions for employees whose pension or social insurance right becomes due during the period of the deferral.

(7) Notwithstanding the provision of paragraph 2 of this Article, the director of the Tax Administration shall decide on the request for deferral of payment of tax liabilities for a tax debt not exceeding BAM 5,000, under the conditions and in the manner prescribed by a Government decree.

(8) If the request relates to a one-off deferral of payment of tax liability, the deferral may be approved for a period of maximum one year from the date on which the payment decision has become enforceable, and may not be approved more than once to the same taxpayer for the same tax liability.

(9) If the deferral relates to a periodic payment, such deferral may not be approved for a period longer than three years (36 instalments) from the date on which the payment decision has become enforceable.

(10) The Tax Administration shall monitor the execution of the decision on approval and notify the Ministry about it.

(11) The Government shall prescribe the terms and manner of deferral of payment of due tax liabilities by decree, at the proposal of the Ministry.

#### Security of Deferred Payment of Due Tax Liabilities

##### Article 49

(1) During the procedure of deciding about the deferral of payment of the tax debt under Article 48 of this Law, the taxpayer shall be required to provide security of the value which may not be less than the amount of tax liability the payment of which is being deferred.

(2) The securities referred to in paragraph 1 of this Article may be:

- a) mortgage on real estate of the taxpayer or third party mortgage,
- b) pledge on movable property of the taxpayer or third party pledge,
- c) irrevocable bank guarantee and
- d) guarantee of another person who is the owner of the property whose value may not be less than twice the amount of the tax debt the collection of which is being secured, to be established in accordance with the regulation governing the field of debentures.

#### Repeal of Deferred Payment of Due Tax Liabilities

##### Article 50

(1) If the taxpayer fails to comply with the conditions and deadlines of the decision approving the deferred payment of tax liabilities, the Minister or the director of the Tax Administration shall repeal such decision ex officio.

(2) In the event referred to in paragraph 1 of this Article, the Tax Administration shall collect the unpaid tax liabilities during collection efficiency control, from:

- a) from securities or
- b) in the procedure of enforced collection.

(3) The taxpayer whose decision was repealed under paragraph 2 of this Article shall not have the right to submit again the request for deferred payment of the same tax debt.

#### Tax Interest

##### Article 51

(1) For the amount of tax liability which has not been paid within the prescribed period, the taxpayer shall pay an interest calculated at the daily rate of 0.04%, including the liabilities for which settlement deferral was approved under Articles 48 and 49 of this Law.

(2) The interest shall be charged starting from the day following the due date, until the day of settlement of tax liability, and for the overpayment, from the day of expiration of refund deadline.

(3) The Tax Administration shall calculate interest in all acts ordering payment of tax liabilities, including the interest calculated until the final due date for payment established by the decision on payment deferral of due tax liabilities.

#### Positive Interest

##### Article 52

(1) In case the Tax Administration has to refund an overpaid liability, it shall calculate and pay interest to the taxpayer in line with Article 51, paragraph 1 of this Law, for a period starting from the expiry of 30 days as of the date of submitting of overpayment refund claim until the day of payment of refund.

(2) Advance tax payments, as well as liabilities withheld by tax agents, shall not be considered paid before the due date of the liability subject to payment.

(3) Overpayment of a liability used to offset another liability shall be considered refunded on due date of the liability subject to offset.

#### Security of Claims - Legal Mortgage

##### Article 53

(1) In case a taxpayer fails to pay the tax liability before the expiration of legal deadline for payment of reported liabilities or within the period established under enforceable decision on liability assessment, the Tax Administration shall initiate the procedure for imposing legal mortgage over taxpayer's real estate in favour of the Tax Administration in order to secure collection of liabilities following the expiration of deadline for tax liability payment.

(2) Legal mortgage shall be established as of the day of recordation in the real estate register and deleted after the settlement of disbursed tax liabilities.

(3) The Tax Administration has the right and obligation to collect tax liabilities in a court procedure using the value of real estate subject to mortgage.

(4) The Tax Administration shall collect ex officio all relevant information pertaining to the existence of property which can be used as lien, i.e. mortgage, by delivering requests to submit information to competent bodies and organisations in charge of keeping public registers of taxpayers' property, and by preparing inventory of property, if necessary, in line with this Law.

### VIII - ENFORCED COLLECTION OF TAX LIABILITY

#### Definition and Initiation of Enforced Collection Procedure

##### Article 54

(1) Enforced collection procedure shall be undertaken by the Tax Administration, ex officio, upon expiration of due date for payment of reported tax liability or upon expiration of due date for payment as stipulated under an enforceable decision on assessment of tax liability.

(2) The Tax Administration shall undertake enforced collection of all taxes and surtaxes within its competence as stipulated under tax regulations, as well as enforced collection arising from an enforceable document of another body, in case the law based on which the respective document was issued stipulates that the Tax Administration shall be in charge of enforced collection procedure.

(3) The Tax Administration shall undertake the enforced collection procedure in accordance with the provisions of this Law and its respective bylaws.

(4) The Tax Administration shall issue a decision on enforced collection.

(5) The decision referred to in paragraph 4 of this Article, in addition to the information prescribed under the Law on General Administrative Procedure, shall contain the information pertaining to the basis of tax debt, the amount of outstanding tax liability including interest calculated as of the due date of tax liability payment until the date of issue of the decision, and the amount of costs of procedure, i.e. it shall contain the amount of fine to be enforced and the amount of costs of procedure.

(6) Appeal against a decision on enforced tax collection may be lodged with the Ministry within 15 days from the day of delivery of the decision.

(7) If a taxpayer has filed a request for deferral of tax liability under Article 48 of this Law, the Tax Administration shall not issue a decision on enforced collection until the request has been decided upon.

#### Termination of Enforced Collection Procedure

##### Article 55

(1) Enforced collection procedure shall be terminated in case a bankruptcy or liquidation procedure has been initiated for the respective taxpayer.

(2) In the event referred to in paragraph 1 of this Article, the Tax Administration shall issue a conclusion on termination of enforced collection procedure.

#### Suspension of Enforced Collection Procedure

##### Article 56

(1) Enforced collection procedure shall be suspended if:

a) decision on tax payment which is under enforced collection or decision on enforced collection is annulled, or if decision on tax payment is replaced by a new decision,

b) taxpayer subsequently pays the owed liability, including the incurred costs referred to in Article 59, paragraph 1 of this Law, and

c) deferral of tax liabilities payment is approved to a taxpayer under Article 48 of this Law.

(3) In the event referred to in paragraph 1 of this Article, the Tax Administration shall issue a conclusion on suspension of enforced collection procedure.

#### Exemption Due to Cost-Ineffectiveness

##### Article 57

(1) Enforced collection shall not be undertaken in the enforced collection cases where the costs of procedure exceed the amount subject to enforced collection.

(2) Enforced collection shall be undertaken to the extent required for settlement of the entire amount of tax liability.

#### Exemption from Enforced Collection

##### Article 58

Property and earnings of natural persons, exempted from enforcement in line with the regulation governing enforcement procedure, may not be subject of enforced collection.

#### Costs of Enforced Collection Procedure

##### Article 59

(1) Costs of enforced collection shall be borne by the taxpayer and amount to 5% of the tax liability collected in the procedure.

(2) The taxpayer shall not be exempted from payment of enforced collection costs referred to in paragraph 1 of this Article if he/she pays the tax liability after initiation of the enforced collection procedure.

(3) The costs of enforced collection shall be paid to the enforced collection account kept by the Tax Administration.

#### Means and Subjects of Enforced Collection

##### Article 60

Enforced collection of tax liabilities shall be undertaken against a taxpayer on individual subjects of enforcement and in the manner, i.e. by means of enforcement as follows:

a) monetary funds - cash, by way of seizure, i.e. requisition of monetary funds - cash from the taxpayer,

b) monetary funds held in accounts, by way of transfer of monetary funds from the taxpayer's account to the enforced collection account and by entrusting the bank which keeps the taxpayer's account to execute the transfer,

c) monetary claims of the taxpayer, including his/her claim of salary, pension and other personal income, by way of ordering transfer of the taxpayer's claim from the taxpayer's debtor and by entrusting the debtor to pay the transferred claim to the enforced collection account,

d) securities, by way of seizure of securities and entrusting the organisation managing the securities to sell them under the best market terms and to pay the proceeds from sale of securities to the enforced collection account after deducting the sales commission and costs,

e) all movable assets of the taxpayer, by way of seizure, i.e. requisition and sale of movable assets of the taxpayer, i.e. by way of transfer of property to the Republic,

f) non-monetary claims of the taxpayer (claims over goods, equipment, other movable assets), by way of ordering transfer of the taxpayer's non-monetary claim from the taxpayer's debtor and entrusting the debtor to fulfil the transferred claim to the Tax Administration, i.e. to deliver the goods and other assets subject to claim to the issuer of the decision on transfer of claim,

- g) real estate, by way of recordation of lien (mortgage) over taxpayer's real estate, filing of the proposal for enforcement by sale of real estate with the competent court and payment of proceeds of the sale to the relevant enforced collection account, and
- h) other property of the taxpayer, by way of seizure and conversion into cash.

## Enforcement of Overpaid Tax Liabilities

### Article 61

(1) The Tax Administration shall also be authorised for enforcement of decision on approval of overpayment refund to taxpayers when tax creditors, i.e. public revenue beneficiaries obliged to refund the overpaid amount from their funds fail to act in accordance with the executive decision of the Tax Administration on approval of overpayment refund.

(2) The enforcement referred to in paragraph 1 of this Article shall be effectuated over monetary funds of the refund payer held in a bank account by way of transfer of adequate amount to the account of the taxpayer which was approved a refund of overpaid liability and by entrusting the bank to execute the transfer.

## Third Party Claims in Enforced Collection Procedure

### Article 62

(1) A third party asserting to have the title or lien over an entire or part of seized movable assets may file a request with the Tax Administration to exempt the respective assets from the subject of enforced collection.

(2) Together with the request referred to in paragraph 1 of this Article, the third party shall submit evidence of entitlement to the assets for which exemption is sought from the subject of enforced collection.

(3) A third party may file the request referred to in paragraph 1 of this Article until the day of sale of the assets concerned by the third party's claim, i.e. until the day of transfer of those assets to the property of the Republic.

(4) The sale or transfer of assets to the property of the Republic, in the event referred to in paragraph 1 of this Article, shall be postponed until conclusion of the procedure on the third party's request for their exemption from the subject of enforced collection.

## Inventory of Movable Assets

### Article 63

(1) For the purpose of preparing an inventory of movable assets to be seized, a tax official shall be authorised to enter the grounds and premises in which the taxpayer performs the business activity.

(2) When entering the grounds or business premises of the taxpayer, the tax official shall identify him/herself and present to the taxpayer the act ordering the preparation of inventory and seizure of movable assets.

(3) If the taxpayer does not allow the tax official to enter the apartment or another room in order to prepare the inventory, appraise and seize the movable assets located in the respective apartment or another room, the Tax Administration shall file a request with the competent court to issue a decision allowing the tax official to enter the apartment or another room against the possessor's will.

(4) The enforceable decision of the Tax Administration referred to in Article 40 and Article 54, paragraph 4 of this Law shall be filed along with the request referred to in paragraph 3 of this Article.

(5) The inventory of movable assets referred to in paragraph 1 of this Article shall be drawn up in the presence of two adult witnesses.

(6) Priority in the inventory and seizure shall be given to the assets most easily convertible into cash.

### Appraisal of Movable Assets

#### Article 64

(1) Tax official shall appraise the inventoried assets while preparing the inventory, in line with the provisions of the rulebook regulating the terms and procedure of appraisal and seizure of movable assets in the enforced collection procedure, issued by the Minister at the proposal of the director of the Tax Administration.

(2) The Tax Administration may appoint another professional as appraiser or obtain a report on price of the assets from professional institutions or organisations.

(3) The inventoried movable asset shall be seized from the taxpayer at the moment of inventory.

(4) A record shall be produced in reference to completed inventory, seizure and appraisal.

(5) The record referred to in paragraph 4 of this Article shall be delivered to the taxpayer.

(6) The taxpayer is entitled to object to the record referred to in paragraph 4 of this Article within three days following the delivery of the record.

(7) Enforced collection procedure shall be postponed until the decision is issued on the objection.

(8) An appeal against the decision referred to in paragraph 7 of this Article shall not delay its enforcement.

(9) Movable assets shall be seized with the assistance of authorised officials of the Ministry of the Interior.

### Sale of Movable Assets

#### Article 65

(1) Movable assets shall be sold by way of an open public competition (hereinafter 'the auction'), with at least two bidders, and in the cases stipulated under this Law, by way of direct negotiations between the buyer and the Tax Administration, whereupon a conclusion shall be issued.

(2) Movable assets shall be sold as seen.

(3) If a movable asset is perishable or if the keeping thereof implies high costs, the Tax Administration shall sell that asset by way of direct negotiations, forthwith, at a price not lower than 50% of the appraised value of the asset.

(4) Announcement of sale of seized movable assets shall be published at the latest three days following the appraisal of their value, in a daily newspaper distributed throughout the Republic of Srpska territory, and on the Tax Administration's web site.

(5) The taxpayer, Tax Administration employees and persons related with them may not buy the assets referred to in paragraph 1 of this Article.

### Auction Price

## Article 66

(1) At the first auction, the movable asset may not be sold at a price lower than 75% of its appraised value, and the starting price shall equal the appraised value of the asset.

(2) In case the movable asset is not sold at the first action, the second one shall be set and scheduled, at the latest eight days following the first auction.

(3) At the second auction, the movable asset may not be sold at a price lower than 50% of its value established by appraisal.

(4) In case the movable asset is not sold at the second action either, the third one shall be set and scheduled, at the latest eight days following the second auction.

(5) At the third auction, the movable asset may not be sold at a price lower than one-third of the movable asset's appraised value.

### Transfer after Movable Asset Sale

## Article 67

(1) Following the sale of seized assets, the Tax Administration shall issue to the buyer, following the payment, a sales receipt confirming that the right of property is thereunder transferred to him/her and that the legal grounds for obtaining such right is the purchase of assets subject to the enforced tax collection procedure.

(2) The sale of seized assets shall be stopped once the achieved price reaches the amount of tax liability owed, and the remaining assets shall be returned to the taxpayer.

(3) In case the auction sale of seized assets fails as well as direct negotiations, the assets shall be transferred to the property of the Republic by a decision of the Tax Administration.

(4) Records shall be prepared of held auctions and seized assets sale by direct negotiations.

### Assets Transfer to the Republic

## Article 68

If movable assets are transferred to the property of the Republic for the purpose of settlement of tax liabilities, the tax liability subject to enforced collection shall be deemed settled in the amount of one-third of the appraised value of the asset.

### Taxpayer's Insolvency

## Article 69

(1) Where during enforced collection procedure it is established that the taxpayer does not possess property to cover for the tax debt by way of enforced collection, i.e. that the assets thereof to be transferred to the Republic are of lower value than the amount of tax debt, the Tax Administration shall issue a decision establishing the taxpayer's temporary insolvency.

(2) The insolvency referred to in paragraph 1 of this Article shall be subject to review, at the latest one year following the issuance of the decision, and should the taxpayer subsequently become solvent the Tax Administration shall repeal the decision on insolvency and continue the enforced collection procedure.



## IX - OTHER INSTANCES OF TAX LIABILITY TERMINATION

### Statute of Limitation for Tax Liability Assessment and Collection

#### Article 70

(1) The Tax Administration may assess tax liability by decision within the period of five years as of the day of filing of tax declaration, i.e. as of the due date of tax liability, counting from the later date.

(2) Request to credit liability overpayment to the fulfilment of future obligation, or request for refund of overpaid liability may be filed within the period of three years as of the day of receipt of notice of overpayment of tax liabilities.

(3) The assessed liability may be collected by way of enforcement or in a court procedure in case the enforcement measures or the court proceedings have been initiated within the period of three years as of the due date for payment of the reported tax liability or as of enforceability of the decision on tax payment.

(4) If deferred payment for fulfilment of tax liability is approved to a taxpayer, deadline for collection shall not run for the period during which the fulfilment of tax liability has been deferred.

### Statute of Limitation in Relation to Third Parties and Limitation of Overpayment Refund

#### Article 71

Statutes of limitation referred to in Article 70, paragraphs 1 and 3 of this Law shall also apply to persons responsible for the taxpayer's obligations, and deadline specified in paragraph 2 of the same Article shall apply also to the person liable for overpayment refund.

### Termination of Limitation and Absolute Limitation

#### Article 72

(1) Statute of limitation for enforced collection of tax liabilities shall be terminated by any action undertaken by the Tax Administration against tax debtor for the purpose of securing or collecting taxes and surtaxes.

(2) Following termination, the statute of limitation shall restart, and the time lapsed prior to the termination shall not be included in the limitation period provided by law.

(3) Limitation restarted following a termination shall expire upon lapse of the period equal to the limitation period for right to collect tax liability, as stipulated under this Law.

(4) The Tax Administration's right to collect tax liabilities shall reach the statute of limitation, in any case, upon expiry of six years as of the due date for payment of reported tax liability or as of the date of enforceability of the decision on payment.

(5) Notwithstanding the statute of limitation prescribed under this Law, the Tax Administration's right to assess and collect pension and disability insurance contributions shall not be subject to statute of limitation.

### Crediting the Time of Predecessor

#### Article 73

The period of limitation shall include the time lapsed in favour of the taxpayer's predecessor, i.e. a predecessor of the person liable for the taxpayer's obligations, or a predecessor of the person liable for tax liability refund.

#### Ex Officio Establishment of Limitation

##### Article 74

(1) Officials in charge of the first and second instance tax procedure shall take care of the limitation ex officio.

(2) In case a statute of limitation is established for certain obligations, the Tax Administration shall write-off such obligations in full.

#### Tax Liability Overpayment Notification

##### Article 75

(1) The Tax Administration shall notify the taxpayer about overpayment at the latest 30 days as of the day of payment of tax amount constituting overpayment.

(2) The notification shall include the total amount of the overpayment, the amount of the overpayment which may be used to settle another liability and the amount of the overpayment which may be used to settle a future liability or refunded to the taxpayer.

#### Automatic Settlement by Overpayment Amount

##### Article 76

(1) If it is established that the taxpayer has other outstanding liabilities, the overpaid amount shall be automatically deducted from other due liabilities, and the taxpayer shall be notified about that fact.

(2) The other liability settled by the amount of overpayment under paragraph 1 of this Article shall be considered paid on the date of the payment that resulted in the overpayment.

(3) If the other liability exceeds the amount of the overpayment, then the liability shall be settled in the manner laid down in Article 45 of this Law.

#### Refund of Overpaid Tax Liability

##### Article 77

(1) If the amount of the overpayment, to be used to settle another liability of the taxpayer, exceeds the amount of that liability, the taxpayer may use the excess overpayment to settle future liabilities or receive a refund of the excess overpayment.

(2) The Tax Administration shall decide on request for the refund referred to in paragraph 1 of this Article within 30 days from the receipt of the request.

#### X - TAX AUDIT

##### Definition of Tax Audit

##### Article 78

Tax audit is the procedure of verification and establishment of legality and correctness of reporting and payment of tax liability, conducted by authorised officials of the Tax Administration.

## Tax Administration Auditors

### Article 79

(1) Authorised officials of the Tax Administration are the auditors of the Tax Administration, obliged to hold an official identification and a badge, and the tax officials holding official identifications, the design and procedure of issuance of which shall be prescribed by the director of the Tax Administration upon approval of the Minister.

(2) The labour law status of auditors shall be subject to general regulations governing the labour law status of civil servants in the administrative bodies of the Republic.

(3) Tasks of an auditor may be performed by a person which has, in addition to meeting the general and specific requirements necessary for employment in the administrative bodies of the Republic as a civil servant, also at least:

a) two years of experience in the profession or one year of experience in inspection work, for the post of junior auditor,

b) three years of experience in the profession and two years of experience in inspection work, for the post of auditor, and

c) four years of experience in the profession and three years of experience in inspection work, for the post of senior auditor.

(4) Except in the cases referred to in Article 6, paragraph 2 of this Law, the Tax Administration auditor shall be held responsible for a serious misconduct if he/she fails to undertake measures or actions he/she is obliged to undertake during audit.

## Rights and Obligations of Auditors

### Article 80

While performing audit, the Tax Administration auditors shall have the right and the obligation to:

a) examine business premises in which books and records, or other items necessary for the implementation and execution of tax regulations are kept, or supposedly kept, and to review books and records,

b) seize, in the manner provided for by law, copies of books and records or other items necessary for the implementation and execution of tax laws,

c) conduct hearing of parties and witnesses in a procedure,

d) order undertaking of relevant measures and actions, i.e. ban certain activities, in order to establish facts in a more comprehensive manner and ensure collection of tax liabilities,

e) notify the taxpayer about the audit, unless such a notification would impede the success of the audit,

f) identify themselves to the subject of audit, i.e. to the responsible person or another authorised person of the subject of audit,

g) inform the subject of audit about his/her rights in the audit procedure,

h) produce a record on completed audit,

i) issue a seizure certificate for temporarily or permanently seized documentation, objects, or other items and

- j) undertake other measures and actions as authorised by law.

## Types of Tax Audit

### Article 81

(1) In a tax audit procedure, the Tax Administration shall conduct an audit in its official premises (hereinafter 'desk audit') or a field audit.

(2) A desk audit shall last no longer than five business days from the starting date indicated in the audit order.

(3) A field audit shall last no longer than 15 business days from the starting date indicated in the specific audit order, and exceptionally it may be extended for ten additional business days, subject to a decision of the manager of organisational unit of the Tax Administration competent for the audited taxpayer.

(4) The conditions and manner of conducting audit shall be prescribed by a rulebook issued by the director of the Tax Administration upon approval of the Minister.

## Tax Audit Plan

### Article 82

(1) A tax audit shall be conducted in line with the annual and monthly plans, i.e. emergency plan, issued by the director of the Tax Administration based on taxpayer's risk assessment.

(2) In defining the plan referred to in paragraph 1 of this Article, the assessment shall be made as to the impact of tax audit on tax collection efficiency in certain business activities.

(3) Notwithstanding paragraph 1 of this Article, the Minister may request the director of the Tax Administration to issue an emergency audit plan in case there are assumptions implying an increased volume of tax avoidance.

## Desk Audit

### Article 83

(1) Desk audit is a set of actions whereby the Tax Administration verifies the accuracy, completeness and conformity with the law and other regulations of data stated in tax declaration, accounting and other reports of the taxpayer.

(2) Desk audit shall be performed by tax auditor in the Tax Administration's premises, based on audit order.

(3) If irregularities in the assessment and payment of tax liabilities are established during a desk audit, the auditor shall prepare a record thereon.

(4) The taxpayer shall be entitled to give remarks to the record, within three days following the receipt of the desk audit record.

(5) The tax auditor shall examine the remarks referred to in paragraph 4 of this Article within three days, and prepare an amendment to the record.

(6) Based on the original and amended record, the tax auditor shall issue a decision without delay, and at the latest eight days following the delivery of the record, i.e. amended record to the taxpayer.

## Taxpayer's Obligations in Desk Audit Procedure

## Article 84

(1) Upon invitation of the Tax Administration, the taxpayer shall take part in desk audit procedure, directly or by way of a proxy, and provide the requested explanations and documentation within the deadline established by the Tax Administration.

(2) Failure to respond to the invitation referred to in paragraph 1 of this Article shall not delay the desk audit procedure.

## Field Audit

## Article 85

(1) Field audit is a set of actions whereby the Tax Administration verifies the legality and correctness of taxpayer's compliance with tax liabilities.

(2) Field audit shall be performed by tax auditor, based on audit order.

(3) The taxpayer shall be notified about the audit, at the latest three days prior to the start of audit.

(4) Notwithstanding paragraph 3 of this Article, the director of the Tax Administration may order an audit to be performed without prior notification, if he/she deems that there is suspicion that the announced audit might be prevented in any way, or if announcement of audit might significantly impact the assessment and payment of tax.

## Place of Field Audit

## Article 86

(1) Field audit shall take place in the business premises of the taxpayer or in another place, depending on the scope of audit.

(2) The taxpayer shall provide appropriate space for the work of tax auditor, in case the field audit is conducted in the taxpayer's business premises.

(3) If there is no appropriate space for conducting the field audit in the taxpayer's business premises, the audit can be performed in another place designated by the Tax Administration in line with paragraph 1 of this Article.

## Time of Field Audit

## Article 87

Field audit shall be conducted during the office hours of the taxpayer and the Tax Administration and, exceptionally, also after office hours, if the audit has started during office hours and if required so by the scope of audit, provided the taxpayer's consent.

## Rights and Obligations of Taxpayers in Field Audit Procedure

## Article 88

(1) Taxpayer has the right and the obligation to take part in the establishment of facts and to provide explanations and statements at the request of tax auditor.

(2) Taxpayer shall enable the tax auditor to inspect the status of raw material, intermediate goods, semi-finished products, finished products and goods (hereinafter 'the goods'), and equipment, as well as the business books and records, and other documentation or documents.

(3) If unable to be present at the field audit, the taxpayer shall designate a person to fulfil the obligations referred to in paragraphs 1 and 2 of this Article on his/her behalf.

(4) The taxpayer's failure to comply with the provisions of paragraphs 1 and 2 of this Article shall not delay the field audit.

(5) Tax auditor may request data, i.e. insight into documentation, also from the taxpayer's employees or other individuals.

(6) Tax auditor shall verbally state the request referred to in paragraph 5 of this Article.

(7) Individuals referred to in paragraph 5 of this Article shall provide tax auditor with the available data, i.e. documentation.

### Field Audit Record

#### Article 89

(1) Tax auditor shall prepare a field audit record, the pages of which must be marked with ordinal numbers, and each page individually signed by both the tax auditor and the taxpayer.

(2) The record referred to in paragraph 1 of this Article shall clearly and unequivocally state the facts established during the audit, taken evidence, reasons for assessment of tax liabilities, as well as all other relevant information and actions conducted during the course of field audit.

(3) The field audit record shall be delivered to the taxpayer within three days following the completion of audit, and taxpayer shall be entitled to object to it within three days following the receipt of the record.

(4) In case the objections contain new evidence and facts which warrant changes to the state of the facts established in the record, or changes to previous findings, the tax auditor shall prepare an amendment to the record about such evidence or facts or new findings.

### Tax Liability Assessment by Tax Administration Decision

#### Article 90

(1) If it is established in the course of a field audit that the taxpayer has failed to apply or has incorrectly applied the regulations in self-assessment of tax liabilities, a decision on payment of the assessed tax liabilities referred to in Article 40 of this Law shall be issued based on the state given in the record, i.e. amended record.

(2) Tax auditor shall issue the decision referred to in paragraph 1 of this Article within eight days from the day of delivery of the field audit record, i.e. amended field audit record.

(3) Any proceedings arising from the decision referred to in paragraph 1 of this Article shall be subject to the provisions of Articles 54 through 70 of this Law.

## XI - LEGAL REMEDY PROCEDURE

### Appeal against Tax Administration Decision

#### Article 91

(1) Appeal against a decision of the Tax Administration may be filed within 15 days following the day of delivery of the decision.

(2) The appeal shall not delay the execution of a decision on payment of reported liabilities and decision on enforced collection of tax liabilities, and it shall not delay the execution of other decisions only if so prescribed under this Law.

## Second-Instance Procedure

### Article 92

(1) The appeal against the decision of the Tax Administration shall be decided upon by the Ministry in line with the provisions of this Law and regulation governing general administrative procedure.

(2) The appeal shall be lodged with the Ministry via a first-instance body, in line with the regulation governing general administrative procedure.

## XII - SUPERVISION AND PENAL PROVISIONS

### Administrative Supervision

#### Article 93

The Ministry shall supervise the application of provisions of this Law.

### Offences by Taxpayer - Legal Person

#### Article 94

1) A fine ranging from BAM 1,000 to BAM 3,000 shall be imposed for offence on a taxpayer, legal person or another entity for:

a) failure to register with the Tax Administration or failure to register within the deadline and in the manner prescribed for the registration of taxpayers with the Tax Administration or failure to report to the Tax Administration any change of data connected with entry into the register with the Tax Administration (Article 14, point a) and Article 17, paragraph 4),

b) failure to file tax declaration or failure to file it in the manner and within the deadline prescribed under tax regulations (Article 14, point c),

c) failure to keep business books and records in line with tax regulations (Article 14, point f),

d) preventing the tax official to enter the premises in which the taxpayer performs the business activity, for the purpose of preparing an inventory and seizing movable assets in the procedure of enforced collection (Article 63, paragraph 1),

e) failure to participate in a desk audit procedure upon invitation of the Tax Administration, failure to provide the requested explanations or submit all documentation necessary for the process of desk audit as requested by the auditor (Article 14, point k) and Article 84, paragraph 1),

f) failure to participate in a field audit procedure upon invitation of the Tax Administration, failure to provide the requested explanations or submit all documentation necessary for the process of field audit as requested by the auditor (Article 14, point k) and Article 88, paragraphs 1 and 2),

g) failure to provide appropriate space for tax auditor to conduct field audit (Article 86, paragraph 2), and

h) hindering officials of the Tax Administration in conducting their duties established by law (Article 14, point 1).

2) For the offence referred to in paragraph 1 of this Article, the responsible person in the legal person shall also be imposed a fine in the amount of BAM 500 to BAM 1,500.

#### Offences by Taxpayer - Natural Person

##### Article 95

(1) A fine ranging from BAM 500 to BAM 1,500 shall be imposed for the offence referred to in Article 94, paragraph 1 on a taxpayer, natural person - entrepreneur.

(2) A fine ranging from BAM 500 to BAM 1,500 shall be imposed for the offence referred to in Article 94, paragraph 1, points a), b), and e) on a taxpayer, natural person.

#### Violation of Obligation to File, Calculate and Pay Tax Liabilities

##### Article 96

A fine amounting to 20% of the assessed tax liability shall be imposed for offence on a taxpayer who fails to file and calculate the tax liability (Article 14, points c) and d).

#### Offence by Bank

##### Article 97

(1) A fine ranging from BAM 10,000 to BAM 30,000 shall be imposed on a bank for:

a) opening an account for a taxpayer without a duly submitted registration certificate issued by the Tax Administration (Article 29),

b) failure to block the taxpayer's account upon delivery of the conclusion imposing a temporary security measure issued by the Tax Administration (Article 46, paragraph 3, point c), and

c) failure to execute transfer of funds in line with the Tax Administration's order in the enforced collection procedure (Article 44, paragraphs 3 and 4, Article 60, point b), and Article 61, paragraph 2).

(2) For the offence referred to in paragraph 1 of this Article, the responsible person in the bank shall also be imposed a fine in the amount of BAM 1,000 to BAM 3,000.

#### Offences by Other Responsible Persons

##### Article 98

(1) A fine ranging from BAM 5,000 to BAM 15,000 shall be imposed on a legal person for offence for:

a) failure to transfer the claims from its debtor to the enforced collection account, in the enforced collection procedure against its debtor, as per order of the Tax Administration (Article 60, point c),

b) failure to sell and transfer the proceeds from sale of securities as per order of the Tax Administration (Article 60, point d), and



c) failure to deliver the claimed goods to the holder of the decision on transfer of claims and other items to the Tax Administration, as per order of the Tax Administration (Article 60, point f).

(2) A fine ranging from BAM 1,000 to BAM 3,000 shall be imposed for the offence referred to in paragraph 1 of this Article on a natural person.

#### Offences by Bodies in Charge of Registers

##### Article 99

A fine ranging from BAM 1,000 to BAM 3,000 shall be imposed on a body responsible for entry of persons performing an economic activity into the appropriate register or keeping the civil register and records of permanent residence of natural persons, for failure to report, i.e. to timely report to the Tax Administration any change in its respective records or registers (Article 28, paragraphs 1 and 2).

### XIII - TRANSITIONAL AND FINAL PROVISIONS

##### Article 100

In the event that the Tax Administration has issued a first-instance tax act by the date of entry into force of this Law, the procedure ensuing from such act shall be completed in line with the provisions of the Law on the Tax Administration, which was in force at the time of issuing of the tax act.

##### Article 101

Agreements and decisions on the manner of settlement of due tax liabilities, entered into and issued before the date of entry into force of this Law, shall be executed in line with the provisions of the Law on the Tax Administration, which was in force at the time of entering into the agreement or issuing of the decision.

##### Article 102

If tax liabilities have been assessed or ordered by a decision of the Tax Administration which became enforceable before the date of entry into force of this Law, such liabilities shall be subject to the statute of limitation prescribed under the Law on the Tax Administration, which was in force at the time the decision became enforceable, i.e. at the time the statute of limitation for their collection started to run.

##### Article 103

1) Within 90 days of the date of entry into force of this Law, the Government shall issue a decree on conditions, manner and procedure for deferral of tax liabilities referred to in Article 48, paragraph 10 of this Law, and appoint the members of the Tax Board referred to in Article 13 of this Law.

2) Within 90 days of the date of entry into force of this Law, the Minister shall issue:

a) Rulebook on the form, contents, manner and conditions for the preparation and publishing of the Tax Administration Activity Report (Article 7, point m),

b) Rulebook on the manner and procedure of creation of database and categorisation of risky contribution payers in the Unified System (Article 10, paragraph 9),

c) Rulebook on conditions and manner of registration and identification of taxpayers (Article 28, paragraph 3) and

d) Rulebook on conditions and procedure for appraisal and seizure of movable assets in the enforced collection procedure (Article 64, paragraph 1).

3) Within 90 days of the date of entry into force of this Law, the director of the Tax Administration shall issue:

a) Rulebook on the procedure and manner of filing of tax declarations (Article 30, paragraph 4), and

b) Rulebook on conditions and manner of conducting tax audit (Article 81, paragraph 4).

4) Pending issuing of the acts referred to in paragraphs 1 and 2 of this Article, the bylaws issued in accordance with the Law on the Tax Administration shall apply, unless they are contrary to this Law.

#### Article 104

Upon entry into force of this Law, the Law on the Tax Administration (Official Gazette of the Republic of Srpska 51/01, 74/04, 2/05, 96/05, 75/06, 112/07 - consolidated version, 22/08 and 34/09) shall cease to have effect.

#### Article 105

This Law shall be published in the Official Gazette of the Republic of Srpska, and enter into force on 1 January 2012.

No: 01-1415/11  
23 September 2011  
Banja Luka

President of the  
National Assembly  
**Igor Radojičić, m.p.**

After comparison with the original text, a technical error was found in the Law on Tax Procedure of the Republic of Srpska (Official Gazette of the Republic of Srpska 102/11); pursuant to Article 189, paragraph 3 of the Rules of Procedure of the National Assembly of the Republic of Srpska (Official Gazette of the Republic of Srpska 31/11), the Secretary General issues the following

**CORRIGENDUM**  
**to the Law on Tax Procedure of the Republic of Srpska**

1. In Article 2, point h), after the words ‘(hereinafter ‘the Tax Administration’)’ the word ‘and’ is inserted.
2. In article 12, paragraph 4, the words ‘from the date of receipt of the decision’ are deleted.
3. In Article 94, paragraph 1, point e), the words ‘failure to’ are inserted after the word ‘or’.
4. In Article 99, the word ‘i.e.’ is replaced by the word ‘or’.

No: 02/2-1999/11  
21 October 2011  
Banja Luka

Secretary General  
**Ranko Karapetrović, m.p.**

**THE LAW ON AMENDMENTS TO THE LAW ON TAX PROCEDURE OF THE  
REPUBLIC OF SRPSKA**

Article 1

In the Law on Tax Procedure of the Republic of Srpska (Official Gazette of the Republic of Srpska 102/11 and 108/11) in Article 2, point a) is replaced by the following:

‘a) tax is any payment obligation, which the taxpayer is obliged to pay to the budget of the Republic of Srpska, budgets of cities, municipalities and funds, which represents a compulsory levy and includes taxes, contributions, fees and charges.’

Article 2

In Article 4, paragraph 3, point a), after the words ‘administrative organisations’, a comma and the words ‘bodies of local self-government units’ are inserted.

After paragraph 3, a new paragraph 4 is inserted as follows:

‘(4) The Tax Administration shall provide the Ministry with unhindered and continuous access to taxpayers’ tax cards, as well as to other official records kept, and the Ministry shall keep this information as official secret.’

The current paragraphs 4, 5 and 6 shall hereafter become paragraphs 5, 6, 7 respectively.

Article 3

In Article 12, paragraph 1, after the word ‘written’, the words ‘or electronic’ are inserted.

In paragraph 2, after the word ‘verbal’, the words ‘or written’ are inserted.

Article 4

In Article 14, point b), the words ‘and declarations’ are deleted.

Article 5

In Article 15, paragraph 2, point f), the comma in the end of the text is replaced by the word ‘and, and point g) is deleted.

Article 6

In Article 16, paragraph 2, after the word ‘conclusion’, the words ‘tax declaration, tax account’ are inserted.

Article 7

In Article 18, paragraph 5 is deleted.

Paragraph 6 is replaced by the following:

‘(6) Notwithstanding paragraph 3 of this Article, tax acts may also be served on the taxpayer in electronic form, in accordance with regulations governing electronic operation.’

Article 8

After Article 19, new Articles 19a, 19b and 19c are inserted as follows:

#### ‘Tax Base Assessment by Estimate

##### Article 19a

(1) In the event that the facts on the basis of which the tax base is assessed may not be established by the means of evidence referred to in Article 19 of this Law, the Tax Administration may assess the tax base by estimate.

(2) The Tax Administration shall decide at its discretion, and taking into account the efficiency and effectiveness of the procedure, which manner or manners to use to estimate the tax base.

(3) At the proposal of the director of the Tax Administration, the Minister shall issue a rulebook to regulate the conditions, manner and procedure of tax base assessment by estimate.

#### Manner of Tax Base Assessment by Estimate

##### Article 19b

(1) The tax base shall be estimated:

a) by estimate based on the available orderly business documentation on operation during a certain period shorter than the taxation period (daily, weekly or monthly), so that the tax base for the period for which the tax is being assessed is estimated on the basis of information about that part of operation,

b) by estimate based on the database and facts of generated turnover (daily, weekly or monthly) established by inspection or audit, so that the tax base for the period for which the tax is being assessed is estimated on the basis of those data and facts,

c) by comparison with the data of other taxpayers which perform the same or similar activities at the same or similar location, under approximately the same conditions and

d) on the basis of the available orderly business documentation if it exists, but has not been entered in the books.

#### Income Tax Base Assessment by Estimate

##### Article 19c

(1) Notwithstanding Article 19b of this Law, tax base assessment by estimate shall be used in assessing the income tax base, as the difference between the value of taxpayer's assets at the end and beginning of the calendar year less the amount of reported income and the value of the assets acquired by funds obtained by inheritance, gift or other lawful unencumbered way, and less the amount of income subject to income tax which is not included in taxation by the annual income tax, for which the taxpayer or other person must present and provide relevant material evidence.

(2) The assets referred to in paragraph 1 of this Article shall consist of:

a) real estate (apartment, house, office building and premises, garages, land, etc.),

b) shares and stakes in a legal person,

c) equipment for carrying out independent activities,

d) motor vehicles, vessels and aircrafts,

e) savings and cash and

f) other property rights.

(3) The value of assets at the beginning of a calendar year is the sum of total values of assets as of 1 January of the calendar year.

(4) The value of assets at the end of a calendar year is the sum of total values of assets as of 31 December of the calendar year, plus the value of the property as established by the Tax Administration, which was acquired in the calendar year through encumbrance and alienated through or without encumbrance, and plus the funds that the taxpayer has used to purchase the property on behalf of third parties in the calendar year.

(5) If a taxpayer or other person states that certain property or assets were acquired through inheritance, gift or other lawful, unencumbered manner, they shall provide the relevant material evidence.

(6) The tax base determined in accordance with this Article represents undeclared income.

(7) Undeclared income shall be taxed like other incomes, in accordance with the Law governing personal income tax, with no recognition of flat rate costs.'

#### Article 9

In Article 20, paragraph 2, after the word 'Law', a comma and the words 'and other regulations governing the procedure of registration of business entities in the Republic of Srpska' are added.

In paragraph 4, after the word 'form' at the end of the text, a comma and the words 'unless otherwise provided by special regulations' are added.

In paragraph 5, after the word 'bylaw', a comma and the words 'unless otherwise provided by special regulations' are added.

Paragraph 7 is deleted.

Paragraph 9 is deleted.

#### Article 10

In Article 22, in paragraph 1, point c) is replaced by the following:

'c) natural person which has no permanent or temporary place of residence in Bosnia and Herzegovina, but produces income in the Republic.'

In paragraph 1, point d) is replaced by the following:

'd) natural person performing independent activity.'

#### Article 11

In Article 24, after paragraph 5, a new paragraph 6 is added as follows:

'(6) The provisions of paragraphs 1, 2, 3, 4 and 5 of this Article shall apply unless otherwise provided by special regulations.'

#### Article 12

After Article 25, a new Article 25a is inserted as follows:

'Real Estate Registration in the Fiscal Real Estate Register

#### Article 25a

(1) The Tax Administration shall establish and maintain a fiscal real estate register in accordance with this Law and regulations governing the real estate tax.

(2) Taxpayers shall declare real estate for the fiscal real estate register on the basis of applications for real estate registration.

(3) In case a taxpayer fails to file a real estate registration application, the Tax Administration shall register the real estate ex officio.'

#### Article 13

In Article 26, after paragraph 2, a new paragraph 3 is inserted as follows:

'(3) Contribution payers not listed in paragraphs 1 and 2 of this Article shall submit the application for registration with the Unified System within eight days from the date of the obligation to pay contributions.'

The current paragraph 3 shall hereafter become paragraph 4.

In paragraph 3, the word 'employee' is deleted and the word 'employer' is replaced by the words 'contribution payer'.

#### Article 14

In Article 28, in paragraph 1, the word 'court' is replaced by the words 'agency responsible for the procedure of registration of business entities'.

#### Article 15

In Article 29, the words 'certificate of registration with the Tax Administration' are replaced by the words 'proof of registration of the taxpayer'.

#### Article 16

Article 32 is replaced by the following:

'(1) A taxpayer may amend a previously filed tax declaration in order to correct an error or omission made in the original declaration, at the latest within three months from the end of the year in which the declaration was filed.

(2) A filed tax declaration may not be amended after completion of the procedure of tax audit of the period for which the tax declaration was filed.'

#### Article 17

Article 38 is replaced by the following:

'(1) For the purpose of this Law, related persons are:

- a) taxpayer's family members and
- b) person controlling the taxpayer, person controlled by the taxpayer or person under joint control with the taxpayer.

(2) Taxpayer's family members referred to in paragraph 1, point a) of this Article are taxpayer's spouse, blood relatives in direct line, siblings, adopted children and their descendants living in the same household with the taxpayer.

(3) The control referred to in paragraph 1, point b) of this Article means ownership, direct or through one or more legal persons, of at least 50% of property value, or at least 50% of votes of the shareholders of the legal person in question in a way that the person is considered to possess all the shares directly or indirectly possessed by his/her family members.

(4) Related person shall be liable for the obligations of the taxpayer in cases where it is established that the tax liability cannot be collected from the taxpayer in any of the legally prescribed methods.'

#### Article 18

After the chapter title 'VI - TAX LIABILITY PAYMENT PROCEDURE', a section title '1. Regular Collection of Tax Liabilities' is inserted.

#### Article 19

In Article 43, paragraph 1, after the words 'through a bank', the words 'by transfer of funds' are inserted.

In paragraph 2, the word 'settlement' is replaced by the words 'payment for the purpose of settlement'.

In paragraph 2, point c) is replaced by the following:

'c) conversion of tax debt into equity, in accordance with a special law'.

#### Article 20

The chapter title 'VII REGULAR COLLECTION OF TAX LIABILITY' and Articles 48, 49 and 50 are deleted.

#### Article 21

In Article 51, paragraph 1 is replaced by the following:

'For the amount of tax liability which has not been paid within the prescribed period, the taxpayer shall pay an interest calculated at the daily rate of 0.03% including the liabilities for which deferred payment was approved in accordance with the provisions of a special law.'

#### Article 22

After Article 53, the chapter title 'VIII ENFORCED COLLECTION OF TAX LIABILITY' is replaced by the section title '2. Enforced Collection of Tax Liability'.

#### Article 23

In Article 54, paragraph 5, the words 'tax debt' are replaced by the words 'tax liabilities, indication of the act being enforced'.

After paragraph 6, a new paragraph 7 is inserted as follows:

'(7) Appeal against a decision on enforced collection may not contest the legality of the act which is being executed.'

The current paragraph 7 shall hereafter become paragraph 8.

In paragraph 7, the words 'tax liability under Article 48 of this Law' are replaced by the words 'tax debt or tax debt conversion into equity in accordance with the provisions of a special law'.

#### Article 24

In Article 56, paragraph 1, point c) is replaced by the following:



‘c) taxpayer is approved tax debt payment deferral or tax debt conversion into equity share in accordance with the provisions of a special law.’

#### Article 25

In Article 60, at the beginning of the text before the words ‘enforced collection’, number 1 between parentheses is inserted.

After paragraph 1, new paragraphs 2 and 3 are added as follows:

‘(2) In case a debtor of the taxpayer fails to make payment to the enforced collection account of the monetary claim ordered to be transferred as referred to in paragraph 1, point c) of this Article, and makes payment to the taxpayer, the Tax Administration shall order enforced collection of tax liabilities from the assets of the taxpayer’s debtor in the amount of the transferred claim.

(3) The Government shall issue a decree to regulate the distribution and purpose of funds from the costs of enforced collection.’

#### Article 26

In Article 70, paragraph 4 is replaced by following:

‘(4) The period referred to in paragraph 1 of this Article shall be terminated on the date of commencement of the procedure of tax liability assessment, and shall run continuously, regardless of the duration of administrative proceedings, administrative dispute or other proceedings whose outcome may be a repetition of the first-instance procedure of tax liability assessment by decision of the Tax Administration.’

#### Article 27

In Article 80, point i), the word ‘and’ is deleted and a comma is added.

After point i), a new point j) is inserted as follows:

‘j) submit a report to the competent prosecutor’s office if they establish during the audit procedure that there are grounds for suspicion of a committed crime, and’.

The current point j) shall hereafter become point k).

#### Article 28

In Article 94, paragraph 1, point a), the words between parentheses ‘and Article 17, paragraph 4’ are deleted.

#### Article 29

After Article 103, new Articles 103a and 103b are inserted as follows:

##### ‘Article 103a

(1) Within 60 days of the date of entry into force of this Law, the Government shall issue the decree on distribution and purpose of funds from the costs of enforced collection procedure (Article 60, paragraph 3).

(2) Within 90 days of the date of entry into force of this Law, the Minister shall issue a rulebook to regulate the conditions, manner and procedure of tax base assessment by estimate (Article 19a, paragraph 3).

#### Article 103b

The procedures of tax debt payment deferral initiated in accordance with the Law on Tax Procedure of the Republic of Srpska (Official Gazette of the Republic of Srpska 102/11 and 108/11) shall be governed by the provisions of a special law regulating the manner of tax debt settlement.'

#### Article 30

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Srpska.

No: 01-1674/13  
18 July 2013  
Banja Luka

President of the  
National Assembly  
**Igor Radojičić, m.p.**

PROVISIONAL TRANSLATION

**THE LAW ON AMENDMENTS TO THE LAW ON TAX PROCEDURE OF THE  
REPUBLIC OF SRPSKA**

Article 1

In the Law on Tax Procedure of the Republic of Srpska (Official Gazette of the Republic of Srpska 102/11, 108/11 and 67/13) in Article 4, paragraph 3, point c) the word 'and' is deleted.

In point d), after the word 'taxpayer', the word 'and' is added.

After point d) a new point e) is added as follows:

'e) tax administrations in Bosnia and Herzegovina in accordance with a special agreement.'

Article 2

In Article 56, paragraph 1, in point b), the word 'and' is deleted.

In point c), after the word 'Law', the word 'and' is added.

After point c), a new point d) is added as follows:

'd) taxpayer is approved deferred payment of tax liabilities by a body competent for assessing those liabilities.'

Article 3

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Srpska.

No: 01-550/14  
10 April 2014  
Banja Luka

President of the  
National Assembly  
**Igor Radojičić, m.p.**

**THE LAW ON AMENDMENTS TO THE LAW ON TAX PROCEDURE OF THE  
REPUBLIC OF SRPSKA**

**Article 1**

In the Law on Tax Procedure of the Republic of Srpska (Official Gazette of the Republic of Srpska 102/11, 108/11, 67/13 and 31/14), Article 2, point g) is replaced by the following:

‘g) tax regulations are laws and bylaws pertaining to taxes and surtaxes or regulating payment of taxes and surtaxes, as well as all other laws and bylaws subject to inspection by the Tax Administration of the Republic of Srpska,’.

In point h), the word ‘and’ after the word ‘Law’ is replaced by a comma.

In point i), after the word ‘accounting’, a comma and new points j) and k) are added as follows:

‘j) Inspection Coordinating Body is a special body appointed by the Government of the Republic of Srpska, in accordance with the law governing the work of inspections in the Republic of Srpska, and

k) Board of Appeal is a special body appointed by the Government of the Republic of Srpska in accordance with the law governing the work of inspections in the Republic of Srpska, which is competent for deciding in the second-instance in the procedures of prohibition of performance of activities.’

**Article 2**

In Article 7, in the beginning of the text before the words ‘The Tax Administration’, number 1 between parentheses is inserted.

In paragraph 1, after point j), new points k) and l) are inserted as follows:

‘k) keeping of the Unified System of Contribution Registration, Control and Collection,

l) issuing certificates of residence to natural and legal persons.’

The current points k), l), m) and n) shall hereafter become points m), n), o) and p) respectively.

After paragraph 1, a new paragraph 2 is added as follows:

‘(2) In addition to the competences referred to in paragraph 1 of this Article, the Tax Administration shall be competent also for the inspection of the obligation of registration of business entities in accordance with the law governing the work of inspections in the Republic of Srpska.’

**Article 3**

In Article 10, paragraph 7, the words ‘at the latest by 30 June of the current year for the previous year, and may issue it also’ are deleted.

**Article 4**

After Article 22, a new Article 22a is inserted as follows:

‘Denial and Cancellation of TIN

**Article 22a**

- (1) The Tax Administration shall not assign TIN to the following persons:
- a) legal person under establishment, founded by a legal or natural person or their related persons having due outstanding tax liabilities,
  - b) legal person under establishment, founded by a natural person which is simultaneously the founder of another legal person with the share in ownership of at least 25%, or a natural person performing entrepreneurial activity (entrepreneur) and that other legal person or entrepreneur having due outstanding tax liabilities,
  - c) legal person created by status change in accordance with the law governing the operation of companies, if the legal person which is the subject of the status change has due outstanding tax liabilities,
  - d) entrepreneur having due outstanding tax liabilities,
  - e) entrepreneur undergoing registration procedure, if the natural person being registered as an entrepreneur is at the same time also the founder of a legal person with the share in ownership of at least 25% and that legal person has due outstanding tax liabilities, and
  - f) legal person or entrepreneur whose registration application contains data which are not credible, or a measure of prohibition of performance of that activity has been ordered against the founder.
- (2) Notwithstanding paragraph 1 of this Article, the Tax Administration shall assign TIN if the due outstanding tax liabilities are less than BAM 1,500 and if these liabilities are settled within eight days of the day of submitting the request for the assigning of TIN, i.e. an irrevocable bank guarantee or acceptance endorsed by a commercial bank is provided within that period.
- (3) If during an audit procedure the Tax Administration establishes that at the time of assigning of TIN there were obstacles to its assigning referred to in paragraph 1 of this Article, the Tax Administration shall temporarily cancel the assigned TIN by decision, pending removal of those obstacles, and deliver a copy of the decision to the bank which keeps the main account of the taxpayer.
- (4) In case of temporary cancelation of TIN, the bank shall suspend the execution of taxpayer's orders for transfer of assets from the payer's account, as of the moment of receipt of the decision referred to in paragraph 3 of this Article, except for the purpose of settling taxes and surtaxes.
- (5) At the request of the taxpayer, the Tax Administration shall assign the same TIN again, after removal of obstacles which caused its temporary cancelation.'

## Article 5

Article 26 is replaced by the following:

- '(1) A contributor shall be registered with the Unified System on the basis of the application submitted to the Tax Administration by the contribution payer on the prescribed form.
- (2) The application for registration of the contributor (employee) with the Unified System shall be filed by the contribution payer (employer), at the latest one day before the starting date of employment with the employer, given in the employment contract or another act on which the employment is based.
- (3) Voluntary contribution payer shall file the application for registration with the Unified System according to the place of residence, within eight days of the starting date of insurance given in the act of the competent insurance fund.
- (4) Contribution payers not mentioned in paragraphs 2 and 3 of this Article shall submit the application for contributor registration with the Unified System at the latest on the day of creation of the legal basis for the obligation to pay contributions.

(5) Notwithstanding paragraphs 2 and 4 of this Article, the application for registration with the Unified System may be filed by the contributor if the contribution payer fails to do so upon expiry of deadline for application filing in the manner and under conditions set by this Law.

(6) The application for contributor registration must be accompanied with proof of the legal basis for the obligation to pay contributions.

(7) For the purpose of this Article, the obligation to pay contributions shall be created on the day of:

- a) beginning of employment of the employee,
- b) entry into force of the contractual relation which produces the obligation to pay contributions, or
- c) creation of a legal relation which produces the obligation to pay contributions.'

## Article 6

After Article 26, a new Article 26a is inserted as follows:

### 'Electronic Identification Card

## Article 26a

(1) The Tax Administration shall issue an electronic identification card for each registered contributor referred to in Article 26, paragraph 2 of this Law, immediately after the registration with the Unified System.

(2) Each contributor referred to in Article 26, paragraph 2 of this Law shall have the electronic identification card during the office hours and present that card for inspection to the authorised persons in the procedure of inspection.

(3) Electronic identification card shall include the name of the contributor, personal ID number and serial number of the card.

(4) The costs of the initial issuing of the electronic cards shall be borne by the Tax Administration.

(5) Notwithstanding paragraph 1 of this Article, the Tax Administration shall not issue the electronic identification card to the contributors which register with the Unified System temporarily on the basis of probationary employment contract, temporary and casual employment contract, and similar contracts under which natural persons perform certain work, provided that such work does not last longer than 15 days.

(6) The Minister shall issue a rulebook prescribing the manner, procedure of issuing and shape of the electronic identification cards.'

## Article 7

In Article 27, paragraph 3 is replaced by the following:

'(3) The Tax Administration shall deregister a contributor based on the contribution payer's application, after it establishes that the basis for contributions payment has ceased.

In paragraph 4, point a), the word 'and' is replaced by a comma and a new point b) is inserted as follows:

'b) if, when registering for the Unified System, the duration is clearly stated of the employment or relation similar to employment which produces the obligation to pay contributions (temporary and casual employment, probationary employment, employment for a definite period of time, service contract, etc.) and'.

The current point b) shall hereafter become point c).

After paragraph 4, a new paragraph 5 is added as follows:

‘(5) The events referred to in paragraph 4 of this Article shall not require submitting of application for deregistration from the Unified System or delivery of evidence of termination of the legal relation which produced the obligation to pay contributions.’

#### Article 8

In Article 30, after paragraph 3, new paragraphs 4 and 5 are inserted as follows:

‘(4) Tax application submitted in the electronic form shall be signed by a qualified electronic signature, electronic signature, or electronic signature issued by the Tax Administration.

(5) For the purpose of this Law, electronic signature shall have the same legal force and be equal with a handwritten signature and seal impression, if it is made in accordance with the provisions of the law governing electronic signature and if the signatory has accepted in writing to sign the electronic applications by electronic signature.’

The current paragraphs 4 and 5 shall hereafter become paragraphs 6 and 7 respectively.

#### Article 9

In Article 38, paragraph 4 is replaced by the following:

‘(4) Related person shall be liable for the obligations of the taxpayer in cases where it is established that the tax liability cannot be collected from the monetary assets, movable or immovable property, securities or personal incomes of the taxpayer.’

After paragraph 4, a new paragraph 5 is added as follows:

‘(5) In the event referred to in paragraph 4 of this Article, the Tax Administration shall establish by the decision on payment of tax liabilities referred to in Article 40 of this Law that collection of the assessed tax liabilities from the taxpayer is not possible in any of the legally prescribed methods, establish the status of related person and order the related person to pay the assessed tax liability within 30 days of the day of delivery of the decision.’

#### Article 10

In Article 55, paragraph 1 is replaced by the following:

‘(1) Enforced collection procedure shall be terminated in the following cases:

- a) bankruptcy or liquidation procedure has been initiated,
- b) decision of the Tax Administration has established temporary insolvency of the taxpayer and
- c) submitting of a complete request for deferred payment of tax liabilities.’

After paragraph 2, a new paragraph 3 is added as follows:

‘(3) After cessation of reasons for the termination of enforced collection procedure referred to in paragraph 1 of this Article, the Tax Administration shall issue a conclusion stating that the reasons for termination have ceased and that the enforced collection procedure shall be resumed, and in case the taxpayer was deleted from the register, the enforced collection procedure shall be suspended.’

#### Article 11

In Article 69, after paragraph 2, a new paragraph 3 is added as follows:

‘(3) The statement of temporary insolvency of the taxpayer shall not prevent the Tax Administration to implement measures of enforced collection against other responsible persons.’

#### Article 12

In Article 72, after paragraph 2, a new paragraph 3 is inserted as follows:

‘(3) The period of limitation of the right to enforced collection shall not run during the second-instance procedure and administrative dispute, or during the procedure on an extraordinary legal remedy provided for by the decision on enforced collection.’

The current paragraphs 3, 4 and 5 shall hereafter become paragraphs 4, 5 and 6 respectively.

#### Article 13

Article 78 is replaced by the following:

‘Tax audit is the procedure of verification and establishment of legality and correctness of reporting and payment of tax liabilities, as well as the procedure of verification of correctness and legality of compliance with tax regulations, conducted by authorised officials of the Tax Administration.’

#### Article 14

In Article 79, paragraph 3, the words ‘as a civil servant’ and the comma are replaced by the words ‘, a certificate for performance of inspection tasks and’.

After paragraph 3 a new paragraph 4 is inserted as follows:

‘(4) The Minister shall issue a rulebook prescribing the conditions, manner and procedure of issuing of the certificate referred to in paragraph 3 of this Article.’

The current paragraph 4 shall hereafter become paragraph 5.

#### Article 15

Article 80 is replaced by the following:

‘While performing audit, the Tax Administration auditors shall have the right and the obligation to:

a) announce the audit to the subject of audit, unless such an announcement would impede the success of the audit,

b) show their identity documents to the subject of audit, i.e. to the responsible person or another authorised person of the subject of audit,

c) inform the subject of audit about the rights he/she may exercise in the audit procedure,

d) hear the parties and witnesses in the procedure,

e) examine the business premises in which books and records, or other items necessary for the implementation and execution of tax regulations are kept, or supposedly kept, and to review books and records,

f) seize, in the manner provided for by law, copies of books and records or other items necessary for the implementation and execution of tax laws,

g) order undertaking of relevant measures and actions, i.e. ban certain activities, in order to establish facts in a more comprehensive manner and ensure collection of tax liabilities,

h) produce a record on completed audit,

i) issue acts in the administrative procedure,



- j) issue a seizure certificate for temporarily seized documentation, i.e. temporarily or permanently seized objects and other items,
- k) prohibit performance of activity, and to seal the facility,
- l) submit a report to the competent prosecutor's office if they establish during an audit procedure that there are grounds for suspicion of a committed crime, and
- m) undertake other measures and actions as authorised by this and other regulations.'

## Article 16

Article 81 is replaced by the following:

'(1) The types of tax audit are:

- a) desk audit,
- b) field audit,
- c) special audit and
- d) audit of an unregistered entity.

(2) A desk audit shall last no longer than five business days from the starting date indicated in the audit order.

(3) A field audit shall last no longer than 20 business days from the starting date indicated in the specific audit order, and exceptionally it may be extended, subject to a decision of the manager of organisational unit of the Tax Administration competent for the territory of the audited taxpayer, or by the director of the Tax Administration if competence for the audit lies with the head office of the Tax Administration.

(4) A special audit is a verification of legality and correctness of the application of tax regulations, in addition to the verification of legality and correctness of reporting, fulfilling and assessing tax liabilities.

(5) An audit of unregistered entity is performed in accordance with the regulation governing the work of inspections in the Republic of Srpska.

(6) The conditions and manner of conducting audit shall be prescribed by a rulebook issued by the director of the Tax Administration upon approval of the Minister.'

## Article 17

In Article 82, after paragraph 1, a new paragraph 2 is inserted as follows:

'(2) A tax audit may be conducted also without the plan referred to in paragraph 1 of this Article, in the event that the Tax Administration establishes that it is necessary because of the subject of audit.'

The current paragraphs 2 and 3 shall hereafter become paragraphs 3 and 4 respectively.

## Article 18

Article 83 is replaced by the following:

'(1) Desk audit is a set of actions whereby the Tax Administration verifies the accuracy, sequence and conformity with the law and other regulations of data stated in tax declaration, accounting and other reports of the taxpayer, for the purpose of correct and accurate assessment of tax liability.

(2) Desk audit shall be performed by tax auditor in the Tax Administration's premises, based on audit order.

(3) After completion of a desk audit, tax auditor shall prepare a record and deliver it to the taxpayer within three days from the day of preparation.

(4) The record referred to in paragraph 3 of this Article shall represent the evidence on conducted actions in the course of desk audit procedure and include the general elements: date, place, time of performance of the desk audit, indication of the taxpayer and his/her identification data, executed actions, evidence presented in the procedure, facts relevant for the assessment of liability; the pages of the record shall be marked with ordinal numbers and signed by the taxpayer and the tax auditor.

(5) In case the taxpayer refuses to sign the record, the tax auditor shall make an official note which shall become an integral part of the record, and such record shall constitute relevant evidence of the actions conducted in the tax procedure.

(6) The taxpayer may give remarks to the record within three days following the receipt of the record.

(7) In case the record is amended on the basis of the remarks, the tax auditor shall prepare an amendment to the record.

(8) In case the tax auditor deems that the remarks may not affect the record, he/she shall state his/her opinion thereabout in a decision.

(9) Based on the original and amended record, the tax auditor shall issue a decision assessing the liabilities and ordering their payment in accordance with this Law.'

#### Article 19

Article 89 is replaced by the following:

'(1) Tax auditor shall prepare a record of completed field audit and deliver it to the taxpayer within three days from the completion of audit.

(2) The record referred to in paragraph 1 of this Article shall represent the evidence on conducted actions in the course of field audit procedure and include the general elements: date, place, time of performance of the field audit, indication of the taxpayer and his/her identification data, executed actions, evidence presented in the procedure, facts relevant for the assessment of liability; the pages of the record shall be marked with ordinal numbers and signed by the taxpayer and the tax auditor.

(3) In case the taxpayer refuses to sign the record, the tax auditor shall make an official note which shall become an integral part of the record, and such record shall constitute relevant evidence of the actions conducted in the tax procedure.

(4) The taxpayer may give remarks to the record within three days following the receipt of the record.

(5) In case the record is amended on the basis of the remarks, the tax auditor shall prepare an amendment to the record.

(6) In case the tax auditor deems that the remarks may not affect the record, he/she shall state his/her opinion thereabout in a decision.'

#### Article 20

After Article 90, new Articles 90a, 90b and 90c are inserted as follows:

#### 'Special Audit

#### Article 90a

(1) Special audit is a set of actions whereby the Tax Administration verifies the legality and correctness of application of tax regulations.

(2) Special audit shall not include the audit of legality and correctness of declaring, assessing and settling the tax liabilities.

(3) As a rule, special audit shall be conducted on the basis of the audit plan and order, and exceptionally it may be conducted without the audit plan and order, if circumstances of the audit so require.

(4) Special audit shall be conducted at the place where the taxpayer performs the activity or at any other place which is suitable for conducting audit.

(5) Special audit shall be conducted during the office hours of the taxpayer and the Tax Administration and, exceptionally, at any time if circumstances of the audit so require.

(6) Special audit may be conducted also on the basis of a decision, i.e. another act of the Coordinating Body for Inspection, by joint activities of the authorised auditors of the Tax Administration, Republic Administration for Inspection Affairs and Republic Administration for Games of Chance.

### Application of Special Audit Procedure Rules

#### Article 90b

The rules of special tax audit procedure prescribed by this Law shall apply in the following cases:

- a) in the procedure of audit of registration of contribution payer with the Unified System in accordance with this Law,
- b) in the procedure of audit of the application of law governing fiscal cash registers and
- c) in other audit procedures, if the Tax Administration is authorised for that by a special law.

### Record and Decision of Completed Special Audit

#### Article 90c

(1) Tax auditor shall prepare a record of completed special audit at the place of conducting of the audit, sign it and deliver it to the taxpayer immediately after the completion of audit.

(2) The record referred to in paragraph 1 of this Article shall represent the evidence on conducted actions in the course of special procedure and include the general elements: date, place, time of performance of the special audit, indication of the taxpayer and his/her identification data, executed actions, evidence presented in the procedure, facts relevant for the assessment of liability; and pages of the record shall be marked with ordinal numbers and signed by the taxpayer and the tax auditor.

(3) The procedure of special audit shall be attended by the responsible or authorised person of the taxpayer, and in case that person refuses or is unable to attend the procedure of special audit, the special audit shall be conducted in the presence of a person found at the place of audit.

(4) In case the taxpayer or person attending the audit refuses to sign the record, the tax auditor shall make an official note which shall become an integral part of the record, and such record shall constitute relevant evidence of the actions conducted in the tax procedure.

(5) After completion of the record, the tax auditor shall read it to the audited taxpayer, and if there are remarks, enter them in the record. If the remarks are justified, the tax auditor shall prepare an amendment to the record, and if they are not justified, the tax auditor shall state his/her opinion thereabout in a decision.

(6) After completion of the record and in case an irregularity is established in the procedure of special audit, the tax auditor shall issue an oral decision imposing measures in accordance with his/her authority, and state so in the record.

(7) Within three days of issuing the oral decision, the tax auditor shall prepare a written copy of that decision and deliver it to the taxpayer.

(8) The taxpayer may appeal against the decision referred to in paragraph 5 of this Article within 15 days following the day of delivery of the written copy of the decision.

(9) Decision about the appeal referred to in paragraph 8 of this Article shall be made by the Ministry.

(10) The appeal referred to in paragraph 8 of this Article shall not delay the execution of the decision.'

#### Article 21

After Article 93, new Articles 93a, 93b, 93c and 93d are inserted as follows:

#### 'Inspection

#### Article 93a

(1) Inspection over the application of provisions of this Law shall be carried out by the Tax Administration.

(2) Inspection over the application of Article 26, paragraphs 2 and 4 of this Article shall be carried out also by the Republic Administration for Inspection Affairs and Republic Administration for Games of Chance, in addition to the Tax Administration, in accordance with the provisions of this Law.

#### Temporary Prohibition of Activity Performance Due to Failure to Register with the Unified System

#### Article 93b

(1) If in the course of a special audit, the authorised auditor establishes that a contribution payer has not filed the application for contribution payer registration with the Unified System in the manner and within the period prescribed by Article 26, paragraphs 2 and 4 of this Law, the auditor shall issue the contribution payer an oral decision imposing the measure of prohibition of activity performance pending removal of the irregularity or for a minimum of 15 days.

(2) The oral decision referred to in paragraph 1 of this Article shall be executed immediately, by sealing the premises, facilities, devices and other work equipment used by the contribution payer (employer) to perform the activity.

(3) In case of the execution of the oral decision by sealing, the taxpayer or the person attending audit shall insure that perishable food is taken out from the area, and take all the security and other measures in order to prevent occurrence of damage.

(4) Notwithstanding paragraph 1 of this Article, the measure of prohibition of activity performance shall not be executed if the taxpayer delivers evidence to the authorised auditor of payment of the fine imposed by the minor offence warrant for the committed minor offence referred to in Article 95a of this Law, within 48 hours of imposing of the oral decision.

(5) In the case referred to in paragraph 4 of this Article, the authorised auditor shall suspend the administrative procedure.

(6) The Minister shall issue a rulebook to regulate the procedure and manner of executing the measure of prohibition of activity performance due to failure to register with the Unified System.

#### Repeated Minor Offence

##### Article 93c

(1) If in the course of a special audit, the authorised auditor establishes that a contribution payer has not filed the application for contribution payer registration with the Unified System in the manner and within the period prescribed by Article 26, paragraphs 2 and 4 of this Law and has been imposed a final sanction for the same offence previously, the auditor shall issue the contribution payer an oral decision imposing the measure of prohibition of activity performance pending removal of the irregularity or for a minimum of 15 days.

(2) The oral decision referred to in paragraph 1 of this Article shall be executed in the manner prescribed by Article 93b, paragraphs 2 and 3 of this Law.

#### Legal Remedy

##### Article 93d

(1) Notwithstanding Article 90c, paragraph 8 of this Law, the contribution payer may appeal against the decision imposing the measure of prohibition of activity performance referred to in Articles 93b and 93c of this Law, within eight days of the day of delivery of the written copy of the decision.

(2) The appeal referred to in paragraph 1 of this Article shall be decided by the Board of Appeal for the procedures of prohibition of activity performance, in accordance with the law governing the work of inspections in the Republic of Srpska and with this Law.'

##### Article 22

After Article 95, a new Article 95a is inserted as follows:

#### 'Offence Due to Failure to Register with the Unified System

##### Article 95a

(1) A fine ranging from BAM 10,000 to BAM 30,000 shall be imposed for offence on a contribution payer - legal person for failure to file the application for contributor registration with the Unified System in the manner and within the period prescribed in Article 26, paragraphs 2 and 4 of this Law.

(2) A fine ranging from BAM 3,000 to BAM 9,000 shall be imposed for offence on a contribution payer - natural person for failure to file the application for contributor registration with the Unified System in the manner and within the period prescribed in Article 26, paragraphs 2 and 4 of this Law.

(3) A fine in the amount of BAM 20 shall be imposed for offence on a contributor (employee) for not having the electronic identification card during the office hours or for failure to present that card for inspection to the authorised persons in the procedure of inspection (Article 26a, paragraph 2).

(4) A fine ranging from BAM 3,000 to BAM 9,000 shall be imposed for the offence referred to in paragraph 1 of this Article on the responsible person of the legal person.

(5) The minor offence warrant for the offence referred to in this Article may be issued, in addition to the Tax Administration, also by a body authorised by this Law to audit submitting of applications for the Unified System.'

#### Article 23

In Article 103, paragraph 2, point c) after the words '(Article 28, paragraph 3)', the word 'and' is replaced by a comma.

In point d), after the words '(Article 64, paragraph 1)', a comma and new points e), f) and g) are added as follows:

'e) Rulebook on conditions, procedure of issuing and form of the electronic identification card (Article 26a, paragraph 2),

f) Rulebook on conditions, manner and procedure of issuing the certificate for inspection (Article 79, paragraph 4) and

e) Rulebook on the manner and procedure of executing the measure of prohibition of activity performance for failure to register with the Unified System (Article 93b, paragraph 6).'

#### Article 24

After Article 103b, new Articles 103c and 103d shall be inserted as follows:

##### Obtaining the Certificate

##### Article 103c

Auditors of the Tax Administration shall obtain the certificate referred to in Article 79, paragraph 3 of this Law within 18 months of the day of entry into force of this Law.

##### Harmonisation Deadline

##### Article 103d

Within six months of the day of entry into force of this Law, the Tax Administration shall issue the electronic identification cards for the contributors (employees) registered with the Unified System as of the day of entry into force of this Law.'

#### Article 25

The Legislative Board of the National Assembly of the Republic of Srpska is hereby authorised to establish the consolidated version of the Law on Tax Procedure of the Republic of Srpska.

#### Article 26

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Srpska.

19 May 2016  
Banja Luka

National Assembly  
**Željka Stojičić, m.p.**

PROVISIONAL TRANSLATION