

LAW ON AMENDMENTS TO THE LAW ON INCOME TAX

Article 1

In the Law on Income Tax (Official Gazette of the Republic of Srpska, No. 60/15 and 5/16), in paragraph 1, point 1) of Article 8, word “net” shall be deleted.

Article 2

Article 10 is changed and shall read:

“(1) The taxpayer has the right on the tax base reduction referred to in Article 7 of this Law for:

- 1) the amount of paid pension contribution for voluntary pension insurance, up to BAM 1 200 per year and,
- 2) the amount of life insurance premium paid to an insurance company which has a licence of The Insurance Agency of the Republic of Srpska, up to BAM 1200 per year.

(2) Tax base reduction referred to in paragraph 1 of this Article shall be exercised through taxpayer’s tax card when paying advanced payment for income tax on a monthly basis, and in case the taxpayer pays his income tax annually, tax base reduction shall be exercised through the tax return request on annual basis.

(3) Taxpayer that is paying personal income tax has the right on the following tax base reductions:

- 1) principal personal deduction of the taxpayer in the amount of BAM 6 000 annually,
- 2) personal deduction in the amount of BAM 900 annually for each dependent member of the immediate family,
- 3) personal deduction in the amount of interest paid on a housing loan.

(4) The taxpayer shall have the right on the principal personal deduction referred to in paragraph 3, point 1 of this Article on the monthly basis when paying personal income.

(5) Personal tax deduction referred to in paragraph 3, point 1 of this Article shall be exercised with taxpayers who pay income tax from personal income for full-time work, while principal personal tax deduction is proportionately smaller for part time work.

(6) In case the taxpayer of personal income tax acquires income from multiple payers, personal income tax deduction shall be exercised proportionately to time spent with each payer of personal income.

(7) The right on personal reduction of the tax base referred to in paragraph 3, point 2-and 3 of this Article shall be exercised on a monthly basis and based on the tax card of the taxpayer.

(8) Dependents of the immediate family in sense of paragraph 3, point 2 of this Article include spouse, children and parents of the taxpayers which, for the purpose of this Law, do not generate income and whose income does not exceed BAM 3 000 annually. If more than one person is supporting the member or members of immediate family, personal deduction for these persons shall be distributed equally to all persons supporting those members unless otherwise agreed.

(9) The interest referred to in paragraph 3, point 3 of this Article means the interest paid in the tax year on the housing loan that the taxpayer took to resolve his housing issues and for the first real estate.

(10) The right referred to in paragraph 3, point 3 of this Article may not be acquired by a taxpayer who is entitled to a subsidy on the same basis from the Republic budget or budgets of local self-government units.

(11) The right referred to in paragraph 3, point 3 of this Article shall cease by repayment of that housing loan.

(12) The Minister of Finance (hereinafter ‘the Minister’) shall issue a rulebook prescribing the procedure and manner of exercising the right to tax base reduction and the right to exemption under Article 8 of this Law.”

Article 3

Article 58, paragraph 2 is changed and shall read:

“(2) Payer of the monthly salary (personal income) shall reduce tax base by the amount 1/12 of the tax base reduction referred to in Article 10 of this Law when calculating the advance monthly payment of income tax and funds from the reduction shall be paid together with the payment of personal income to the taxpayer.”

Article 4

Article 61, paragraph 5 is changed and shall read:

“(5) Pursuant to this Law, payer of the income, taxed after its deduction shall during each payment deduct tax from tax base and pay to the prescribed accounts.”

Article 5

Article 69 shall be deleted.

Article 6

After Article 70, Chapter XIIa and articles: 70a, 70b and 70c are added and shall read:
“CHAPTER XIIa PENAL PROVISIONS

Article 70a

(1) Payer of income, legal body, shall be fined from BAM 3 000 to BAM 9 000 if he does not pay the funds from the personal tax base deduction referred to in Article 10 of this Law to the taxpayer (Article 10, paragraph 4 and 7 and Article 58, paragraph 2).

(2) Payer of income, natural person, shall be fined from BAM 1 500 to BAM 4 500 if he does not pay the funds from the personal tax base deduction referred to in Article 10 of this Law to the taxpayer (Article 10, paragraph 4 and 7 and Article 58, paragraph 2).

(3) For the offence from paragraph 1 of this Article, responsible person within the legal person shall be fined from BAM 1 000 to BAM 3 000.

Article 70b

(1) Payer of income, legal person, shall be fined for the offence with the amount of the tax that should have been paid after tax deduction if during the payment of income he does not deduct tax from tax base and does not pay to the prescribed accounts (Article 61, paragraph 5).

(2) Payer of income, natural person, shall be fined for the offence with the amount of the tax that should have been paid after tax deduction if during the payment of income he does not deduct tax from tax base and does not pay to the prescribed accounts (Article 61, paragraph 5).

(3) For the offence from paragraph 1 of this Article, responsible person within the legal person shall be fined from BAM 1 000 to BAM 3 000.

Article 70c

For other violations of this Law that have the characteristics of an offence, as well as the sanctions and responsibility for the offences, provisions of the Law that regulates taxation procedure shall be applied.”

Article 7

This Law shall be published in the Official Gazette of the Republic of Srpska and enter into force on 1 September 2018.

No: 02/1-021-728/18

4 July 2018

President of the
National Assembly
Nedeljko Čubrilović