

LAW ON TAX SYSTEM OF THE REPUBLIC OF SRPSKA

Article 1

This Law governs the tax system of the Republic of Srpska, as well as establishment and conduct of the Register of tax and non-tax levies.

Article 2

(1) Tax system of the Republic of Srpska shall represent collection of all tax and non-tax levies paid in the Republic of Srpska.

(2) Tax levies, in terms of this Law shall be considered all enforced, non-refundable levies from which the taxpayer does not gain direct benefit or consideration.

(3) Non-tax levies, in terms of this Law shall be considered levies for which the tax payer gains direct benefit or consideration.

Article 3

Purpose of this Law is to secure optimal tax burden in the Republic of Srpska, as well as to protect integrity of taxpayers.

Article 4

(1) Tax and non-tax levies paid in the territory of the Republic of Srpska shall be introduced, abolished and changed exclusively by the Law.

(2) Tax incentives, tax exemptions and tax base and rate reduction shall be introduced, abolished and changed exclusively by the Law.

(3) The amount of each individual tax and non-tax levy shall be strictly defined or clearly definable by the Law.

(4) Taxpayer of tax and non-tax levies shall be defined by the Law.

Article 5

(1) Notwithstanding Article 4 of this Law, if the Law that introduced non-tax levies determines clear legal basis, change of tax base, rate and amount of non-tax levies can be conducted in a bylaw, with the previous consent of the Government of Republic of Srpska (hereinafter: the Government) i.e. of relevant committee of the National Assembly of the Republic of Srpska (hereinafter: the National Assembly).

(2) The consent of the Government i.e. of the relevant committee of the National Assembly on that act, shall be published with the bylaw referred to in paragraph 1 of this Article

Article 6

(1) All tax and non-tax levies have the characteristics of public revenue.

(2) Before beginning with the payment, act containing titles of each tax and non-tax levy, its amount, ways of assessment of liabilities, payer and user of income, shall be published in the Official Gazette of the Republic of Srpska, i.e. Official Gazette of local self-government unit.

(3) In addition to publishing the act referred to in Article 5, paragraph 1) of this Law, in the Official Gazette of the Republic of Srpska, it shall be published on the official website of the drafting authority.

Article 7

Tax system of the Republic of Srpska consist of:

1) tax levies:

1. corporate income tax,
2. personal income tax,
3. real estate tax,
4. tax on the use, possession and carrying of goods,
5. tax on the income from games of chance,
6. value added tax,
7. excise,
8. tariffs,
9. road-toll,

2) non-tax levies:

1. contribution for pension and disability insurance,
2. contribution for health care,
3. contribution for child protection,
4. contribution for unemployment insurance,
5. contributions for professional rehabilitation and employment of persons with disabilities,
6. concession fees,
7. water fees,
8. forest fees,
9. hunting fees,
10. environment protection fees,
11. fees from the field of traffic,
12. fees from the field of spatial planning and construction,
13. fees from the field of utility activities,
14. fees from organizing games of chance,
15. fees from the field of agriculture,

16. fees from the field of mining and geology,
17. fees from the field of metrology,
18. fees from the field of veterinary,
19. fees from the field of health care,
20. fees from the field of civil protection,
21. fees to persons to whom public authority were transferred,
22. fees paid to the authorized regulatory bodies in the Republic of Srpska,
23. Republic administrative fees,
24. city administrative fees,
25. municipality administrative fees,
26. court fees,
27. utility fees,
28. fines,
29. membership fees.

Article 8

(1) Each individual tax levy in the Republic of Srpska shall be harmonised with the principles of the rule of law, proportionality and rationality.

(2) Each individual non-tax levy in the Republic of Srpska shall be harmonized with the principles of the rule of law, proportionality and rationality.

(3) Rule of law principle, in terms of paragraph 1 and 2 of this Article, means that each tax and non-tax levy shall be introduced, abolished or replaced by the law in the tax system.

(4) Principle of proportionality, in terms of paragraph 1 of this Article, means that the amount of each tax levy shall be determined in accordance with the economic possibilities of the taxpayer.

(5) Equivalence principle of each individual non-tax levy, in terms of paragraph 2 of this Article, means that the amount of each levy corresponds to the value obtained in public goods or paid services.

(6) Principle of rationality of each individual tax and non-tax levy, in terms of paragraph 1 and 2 of this Article, means that the expenditures from obtaining those levies cannot be higher than the amount of those levies.

Article 9

(1) Authorized drafting authorities which introduce, change or abolish non-tax levies, are required, before furnishing the draft, i.e. the bill to the Government to approve, to obtain opinion of the Ministry of Finance (hereinafter: the Ministry) on that law, with the compulsory viability analysis on introducing, changing or abolishing of each individual levy included in the text of the proposed law.

(2) Authorized law proponents that introduce, change or abolish non-tax levies, are required, before proposing the law to the National Assembly to obtain the opinion of the Ministry

on that law, with the compulsory viability analysis on introducing, changing or abolishing of each individual levy included in the text of proposed law.

(3) Analysis referred to in paragraph 1 and 2 of this Article includes reasons for introducing, changing or abolishing of individual levy, viability of introducing, changing or abolishing of individual levy and analysis of the effects of introducing, changing or abolishing of that levy on business entities or inhabitants.

(4) The Ministry shall submit, to the drafting authority i.e. authorized law proponent, opinions on viability of introducing, abolishing or changing of individual levies proposed by the law and in accordance with the tax system and tax policy of the Republic of Srpska, in terms of paragraph 1 and 2 of this Article and drafted based on the analysis of the drafting authorities.

(5) Analysis referred to in paragraph 1 and 2 of this Article and opinions referred to in paragraph 4 of this Article make the integral part of rationale of the draft i.e. the bill sent to the National Assembly.

Article 10

(1) Republic bodies and organisations, local self-government units and entities exercising public authority are required to obtain approval from the Government before issuing the bylaw referred to in Article 5, paragraph 1) of this Law.

(2) Notwithstanding paragraph 1 of this Article, in case the bylaw referred to in Article 5, paragraph 1) of this Law decreases or abolishes non-tax levies, republic bodies and organisations, units of local self-government and entities exercising public authority are not required to obtain approval from the Government.

(3) In the event referred to in paragraph 1 of this Article, bylaw proponent is required to submit, with the preposition of the bylaw, the analysis of viability and amount of each individual non-tax levy included in proposed text of the bylaw, as well the opinion of the Ministry.

(4) Government approval referred to in paragraph 1 of this Article shall apply to justifiability and amount of each individual proposed non-tax levy.

(5) With regards to the drafting of analysis referred to paragraph 3 of this Article and opinion of the Ministry, provisions from the Article 9, paragraph 3) and 4) of this Law shall be applied.

Article 11

(1) Authorised regulatory and supervisory bodies responsible to the National Assembly are required to obtain approval of the relevant committee of the National Assembly before passing the bylaw referred to in Article 5, paragraph 1) of this Law.

(2) In the event referred to in paragraph 1 of this Article, bylaw proponent is required to submit, with the preposition of the bylaw, the analysis of viability and amount of each individual non-tax levy included in proposed text of the bylaw, as well the opinion of the Ministry.

(3) Relevant committee of the National Assembly shall give consent on viability and amount of proposed individual non-tax levy.

(4) With regards to the drafting of analysis referred to paragraph 2 of this Article and opinion of the Ministry, provisions from the Article 9, paragraph 3) and 4) of this Law shall be applied.

Article 12

During the drafting of the viability analysis on introducing, changing or abolishing non-tax levies following shall be considered:

- 1) conformity with the each individual tax system principle,
- 2) expenditures (number of payers, amount of raised funds),
- 3) competitiveness (ability to compare that non-tax levy with the same or similar levy from the countries in the region),
- 4) simplicities for the purpose of introducing, changing or abolishing of the levy.

Article 13

(1) The Ministry shall establish and conduct the Register of tax and non-tax levies (hereinafter: the Register).

(2) The Register shall contain the review of all individual categories of tax and non-tax levies paid by legal and natural persons in the Republic of Srpska based on the law of the Republic of Srpska, except for the tax and non-tax levies are implemented in the tax system by the regulations from the field of indirect taxes, excises and tariffs.

(3) Initial Register shall represent review of all individual categories of tax and non-tax levies that are in force in the Republic of Srpska.

(4) Initial Register shall be established by the Government on the proposal of the Ministry within the period of 90 days from the date of entry into force of this Law, based on the regulations introducing tax and non-tax levies.

(5) Taxpayers of tax and non-tax levies, competent ministries and institutions may complain to the Ministry on the content of the Register within 60 days from the date of entry into force of the initial Register.

(6) After the expiration of the period referred to in paragraph 5 of this Article, the Ministry shall conduct viability analysis of the submitted complaints and conduct modification of data in the initial Register within the period of 60 days.

(7) After the expiration of the period referred to in paragraph 6 of this Article, data in the Register are final.

(8) Authorised proponent i.e. drafting authority of the bylaw which introduced, changed or abolished tax and non-tax levies, shall submit the bylaw to the Ministry before its publishing in the Official Gazette.

(9) The Ministry shall change data in the Register after the law, i.e. regulation that introduced, changed or abolished individual tax and non-tax comes into force.

(10) The Register is public and shall be published on the website of the Ministry.

(11) All tax and non-tax levies not introduced into the Register are not required to be paid and the regulation proponent which contains such levies is required to start the procedure for its erasing from that regulation on the accelerated procedure.

(12) The Minister shall issue a rulebook regulating the procedure of establishment of the Register, as well as the update of data in the Register.

Article 14

Tax and non-tax levies established contrary to the regulations of this law shall not enter into the Register.

Article 15

Objectives of establishing the Register are protection of taxpayers and strengthening legal safety by:

- 1) protection of principles, prescribed by this law, on which the tax system of the Republic of Srpska is established,
- 2) securing transparency of collection of public revenues,
- 3) establishing the basis for monitoring and analysing the burden on inhabitants and businesses with the public revenues,
- 4) support for establishing permanent system of improving business environment and increase of competitiveness of the economy,
- 5) securing optimal tax burden.

Article 16

(1) The Ministry shall annually conduct an analysis of the burden on the economy and population with the tax and non-tax levies from the Register.

(2) Following indicators shall be used in the analysis:

- 1) global fiscal burden – the rate of fiscal burden based on consolidated compulsory fiscal levies and the rate of consolidated public revenues.
- 2) partial fiscal burden – rate of burden with one category of tax, rate of burden on local level, rate of burden of average taxpayer and rate of burden of tax base,
- 3) rate of cover expenses of public revenues or services with fees paid for its using,
- 4) rate of all cover expenses of collecting individual public revenue with the total acquired income from its collecting during the year.

(3) In order to make the analysis referred to in paragraph 1 of this Article, competent bodies, organisations and institutions, competent for collecting tax and non-tax levies are required to furnish data and information on levies contained in the Register and sorted by the type of levy, number of payers and overall amount of levy in the form of the report to the Ministry at the latest on the 31 May of the current year for the previous year.

(4) The Minister shall issue a rulebook regulating methods, means of conducting analysis referred to in paragraph 1 of this Article and Article 9 of this Law and the sorts, means and forms of furnishing relevant data referred to in paragraph 3 of this Article.

Article 17

Based on the analysis of the Register referred to in paragraph 16 of this Article, the Government shall conduct adequacy assessment of each tax and non-tax levy in the Republic of Srpska and as part of the Economic reform programme of the Republic of Srpska give guidelines and harmonisation dynamics of those levies with the principles referred to in Article 8 of this Law.

Article 18

The Ministry shall supervise implementation of this Law.

Article 19

Within sixty days of the day of entry into force of this Law, the Minister shall issue:

- 1) Rulebook on the manner and procedure of establishing and managing the Register (Article 13, paragraph 12)
- 2) Rulebook on the methods and manner of conducting the viability analysis of tax and non-tax levies (Article 16, paragraph 4).

Article 20

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

Number: 02/1-021-643/17

Date: 15 June 2017

President of the
National Assembly

Nedeljko Čubrilović