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LAW ON INCOME TAX

I GENERAL PROVISIONS

Article 1

(1) This Law specifies: income taxpayer, methodology for determining the tax base, payment and collection of income tax, avoidance of double taxation, group taxation, taxation in case of status changes, tax incentives, transfer pricing, penalty provisions for violation of the provisions of this Law, as well as other relevant matters concerning assessment of income tax paid in the Federation of Bosnia and Herzegovina (hereafter: the Federation) pursuant to this Law.

(2) The distribution and allocation of revenues from income tax shall be determined by a separate law.

Article 2

(1) Under this Law, meaning of the terms defined in other laws and regulations of the Federation of Bosnia and Herzegovina shall apply unless a different meaning is expressly laid down in this Law.

(1) For the purpose of this Law, shall apply the terms as follows:

a) The term **"taxpayer"** shall apply to any entity subject to payment of income tax under this Law;
b) The term **"entity"** shall apply to any natural person or legal entity;
c) The term "**legal entity**" shall apply to any form of organization that has legal rights and obligations and is established for a particular purpose, and which acts in accordance with legal regulations and it is entered in the appropriate registry maintained by the competent authority;
d) The term "**related entity**" shall apply to any entity related to a taxpayer in the manner defined by this Law.
e) The term "**financial institutions**" shall include: banks, insurance companies, reinsurance companies, leasing companies, micro-crediting companies, investment funds management companies, investment funds, brokerages and dealerships.
f) The term "**supervisory authority**" shall apply to the Banking Agency of the Federation of Bosnia and Herzegovina, Banking Agency of the Republika Srpska, Insurance Supervisory Agency of the Federation of Bosnia and Herzegovina and Insurance Agency of the Republika Srpska.
g) The term "**accounting regulations**" shall apply to laws and implementing regulations in the field of accounting and audit applicable to the territory of Bosnia and

Herzegovina, the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS).

h) The term "**financial report**" shall apply to the balance sheet, the income statement, statement of changes in equity, cash flows statement.
i) The term **"income"** shall apply total declared income before income tax.

II INCOME TAXPAYERS

1. Taxpayer

Article 3

(1) The income taxpayer shall be a company or other legal entity - resident of the Federation that independently and continuously performs the economic activity of sale of products and/or provision of services in the market in the Federation, Republika Srpska, Brčko District of BiH (hereafter: Brčko District) or on the international market in order to earn income.

(2) The income taxpayer also shall be a subsidiary of a legal entity from the Republika Srpska and Brčko District, registered in the territory of the Federation, for the income it earns through activities in the Federation.

(3) The income taxpayer also shall be a business unit of a non-resident legal entity which operates through a permanent establishment in the territory of the Federation and which is a resident of the Federation.

(4) The taxpayer also shall be a non-resident, on the grounds of income earned from a resident of the Federation.

2. Entities not Subject to Income Tax

Article 4

(1) Entities not subject to income tax shall include the following:

a) Central Bank of Bosnia and Herzegovina;
b) bodies of State, Federation and Cantonal administrations and local self-government units;
c) federal, cantonal and local institutions, institutes, religious communities, political parties, trade unions, chambers, associations, volunteer fire brigades, tourist associations, sports clubs and federations, foundations, endowments, institutions, charities, legal entities entrusted through special regulations with administrative services in the competence of administrative authorities, and other legal entities registered for non-profit activities in the Federation that receive income from: budget revenues or public funds of the State, Federation, cantons and units of local self-government, income from sponsorships and donations in cash or in kind, membership fees, charges, as well as income from the sale or transfer of assets other than the assets

that are used or have been used for performing the business activity on an economic basis.

(2) If legal entities referred to in Paragraph (1) item c) of this Article, which are registered in accordance with special regulations, are performing an economic activity and generate other income in the market on top of the income referred to in Paragraph (1) item c) of this Article, they shall be income taxpayers for the income generated by performing such activities.

(3) If legal entities referred to in Paragraph (2) of this article do not file income tax returns, the Federation Tax Administration (hereafter: the Tax Administration) shall issue a decision, ex officio or upon a motion of a taxpayer or other interested party, determining that the relevant legal entities are indeed obliged to pay income tax for that activity or for the income not covered by Paragraph (1) item (c) of this Article.

3. Resident and Non-resident

Article 5

(1) Resident of the Federation, for the purposes of this Law, is a legal entity that fulfils one of the following conditions:

1. the main office of the legal entity is entered in a court register of legal entities in the Federation
2. the place of effective management and supervision of the legal entity's business operations is located in the territory of the Federation.

(2) Non-resident is a legal entity which main office is outside of the territory of Bosnia and Herzegovina and/or whose place of effective management and supervision of business operations is located outside the borders of Bosnia and Herzegovina.

4. Non-resident's Business Unit

Article 6

(1) The non-resident's business unit shall mean a permanent establishment through which the non-resident legal entity carries out its business operations wholly or in part.

(2) The term permanent establishment includes:

a) head office of management;
b) subsidiary
c) business office;
d) factory;
e) workshop and;
f) mine, oil or gas well, quarry or any other place of exploitation of natural resources.

(3) Permanent establishment also shall mean a construction site, or a construction or installation project if the operations extend for a period longer than six months;

(4) The term permanent establishment also shall include provision of services, including consulting services, by the legal entity through employees or another entity hired by the legal entity for that purpose, provided that the activity is related to the same or related project in the Federation and lasts for a period or periods that combined last longer than three months in any 12-month period;

(5) Notwithstanding the provisions of paragraphs (1) through (4) of this Article, permanent establishment shall not include:

a) The use of facilities solely for the purpose of storage, display or delivery of products or goods belonging to the legal entity;
b) Keeping of stocks of products or goods belonging to the legal entity solely for the purpose of storage, display or delivery;
c) Keeping of stocks of products or goods belonging to the legal entity solely for the purpose of processing by another legal entity;
d) Maintaining a permanent establishment solely for the purpose of purchasing products or goods, or of collecting information for itself;
e) Maintaining a permanent establishment solely for the purpose of carrying on, for the legal entity, other similar preparatory or auxiliary activities;
f) Maintaining a permanent establishment solely for any combination of activities mentioned in items a) through e) of this Paragraph, provided that the overall activity of the permanent establishment, resulting from this combination, is of a preparatory or auxiliary character.

(6) Notwithstanding the provisions of paragraphs (1) and (2) of this Article, when a legal entity - other than an agent of an independent status to whom Paragraph (7) of this Article applies - is acting on behalf of a legal entity and has an authority in the Federation to conclude contracts in the name and on behalf of that legal entity, that legal entity shall be deemed to have a permanent establishment in the Federation unless the activities of such entity are limited to activities referred to in Paragraph (5) of this Article, which, even if exercised through a permanent establishment, would not make this a permanent establishment under the provisions of this paragraph.

(7) A legal entity shall not be deemed to have a permanent establishment when it carries on business activities only through a broker, general commission agent or another agent of an independent status, provided that such agents are operating within their usual business activities.

(8) The fact that a resident legal entity controls or is controlled by a non-resident legal entity shall not ipso facto make the former legal entity a permanent establishment of the latter one.

(9) If the legal entities referred to in Paragraph (1) of this Article do not file income tax returns, the Tax Administration shall issue a decision, ex officio or upon a motion of a taxpayer or other interested party, determining that the relevant legal entities are indeed income taxpayers.

III TAX BASE

1. General Provisions

Article 7

(1) The tax base shall be determined in the tax balance, by adjusting the expenditures and income and capital gains/losses declared in the financial reports, in a manner prescribed by this Law.

(2) The tax base shall be calculated as income declared in the financial report plus non-deductible expenditures and other non-deductible items, and reduced by non-taxable items, in accordance with this Law.

(3) All income and capital gains earned by the taxpayer shall be included in the tax base except the items which are not included pursuant to this Law.

(4) The amount of income tax shall be calculated by multiplying the tax base by the income tax rate.

(5) Tax deductible expenditures shall include all documented expenditures, reduced by the amount of VAT that may be deducted, which are borne by the taxpayer in order to earn income, provided that they are carried correctly in the financial reports.

(6) Charges, fees and other public revenues that the taxpayer is obligated to pay under other laws and regulations shall be deemed as paid in order to earn income.

(7) Determination of the tax base shall be carried out in a consistent manner as laid down in this Article.

(8) When determining the tax base, the income of a subsidiary/business unit must correspond to the income which would be accumulated by that subsidiary/business unit if it were an autonomous and independent legal entity engaged in the same or similar activities under the same or similar circumstances, and if it were carrying out, absolutely independently, the business activities with the legal entity that this subsidiary/business unit belongs to.

(9) Transactions not performed for business purposes with a view to generate income shall not be recognized when calculating the tax base.

Article 8

For the purpose of determining the tax base, all expenditures, income and capital gains/losses shall be recognized in the amounts stated in financial accounts, which are in accordance with accounting regulations, unless otherwise stipulated by this Law.

2. Adjustment of Expenditures

Article 9

(1) The following shall be deemed as non-deductible expenditures:

a) Penalty interest and costs of enforced collection of public revenues to be paid and calculated to the tax administrations;
b) court fees related to disputes concerning public revenues irrespective of whether the taxpayer actually paid the costs or they were reimbursed;
c) fines imposed by the competent authority
d) calculated and paid income tax;
e) withholding tax calculated and paid at the payer's own expense;
f) contributions made to political parties
g) profit sharing and any capital distribution
h) expenditures made to increase the reserves which are not stipulated or are above the allowed amount prescribed under Article 13 of this Law;
i) expenditures that cannot be linked with generating income or that cannot be linked with the principle of due care of a prudent business person;
j) financial expenditures above the amount stipulated in Article 18 of this Law;
k) expenditures originating from value impairment of the receivable from an entity to which there is an outstanding payable, up to the level of the liability to be paid to that entity;
l) default interest, penalties and contractual fines between related entities;
m) provisioning that is not treated as a tax deductible pursuant to this Law.

(2) Apart from the expenditures referred to in Paragraph (1) of this Article, non-deductible expenditures of taxpayers referred to in Article 3, paragraphs (2) and (3), and Article 4, Paragraph (2) of this Law, shall be also the administrative costs that cannot be directly attributed to business operations.

Article 10

(1) Expenditures that incurred from stocks inventory shall be deductible in amounts stated in the financial report by using the average purchase price method.

(2) If the stocks are inventoried according to the accounting values that deviate from the purchase values, the difference arising from the deviation shall be a non-deductible expenditure.
(3) Expenditures incurred from adjustments of the value of stocks with their net realizable value shall be deductible in the tax period in which those stocks were sold or written off or destroyed.

Article 11

(1) The cost of wages and other remuneration of persons which are, under the personal income tax regulations, considered income from dependent or independent activity, and on which

mandatory contributions and personal income tax have been paid, shall be tax deductible expenditures.

(2) Allowances, which are paid by the employer shall be deductible in accordance with the personal income tax regulations.

(3) Expenditures resulting from accrued mandatory social contributions shall be deductible, provided that they are calculated in accordance with applicable regulations in the Federation, or in the Republika Srpska or in the Brčko District.

(4) Scholarships given to students, weather in school or at the university, who are not related to the taxpayer and who are full-time students, shall be deductible up to the amount that is not subject to taxation according to the personal income tax regulations.

Article 12

(1) Expenditures for representation, which resulted from business activities, shall be deductible in the amount of 30% of the total expenditure for the representation.
(2) Deductible representation referred to in Paragraph (1) of this Article shall include expenditures for entertaining business partners, which are connected to business activities or establishing business cooperation.
(3) Expenditures for donations to humanitarian, cultural, educational, scientific and sports purposes, granted to legal entities that are not obliged to pay the income tax or to individuals who have no other income, shall be deductible up to the amount of 3% of the total income in the relevant income tax assessment period.
(4) Expenditures resulting from sponsorship contracts shall be deductible up to the amount of 3% of total income in the relevant income tax assessment period.
(5) Deductibles resulting from sponsorships referred to in Paragraph (4) of this Article shall include expenditures for supporting the organization and performing of manifestations and other similar events and projects that are not directly related to the business operations of the taxpayer, with or without the return favour of advertising the name, activity, products or services of the sponsor.
(6) Exceptionally, expenditures referred to in paragraphs (1), (2) and (4) of this Article, resulting from transactions with related entities, shall represent a non-deductible expenditure.

Article 13

(1) The taxpayer may deduct as tax deductible expenditure, the expenditure for the purpose of provisioning referred to in paragraphs (2) and (3) of this Article.

(2) Provisioning for future expenditures related to environmental protection shall be tax deductible if there is a legal obligation requiring that the taxpayer should engage in environmental protection. The amount that may be allocated for such reserve may not exceed

30% of taxable income before reserve allocation. The total reserve for environmental protection may at no time exceed the registered capital of the taxpayer in the court register.

(3) Provisioning made for future costs in warranty periods shall be deductible up to the maximum of 4 percent of the annual turnover of the taxpayer related to products for which the warranty is issued in the tax period. If the reserve should exceed the amount allowed, the tax base shall be increased by the amount of this difference in the given tax period.

(4) Provisioning put aside for penalties, rebate, discount, shall not be considered provisioning under Paragraph (3) of this Article.

Article 14

Provisioning referred to in Article 9 Paragraph (1) item m), may be deducted from the tax base in the tax period when the event for which the provisioning was made actually occurred.

Article 15

(1) Research and development costs may be deducted from the tax base at the moment when they are incurred, in the manner prescribed by this Article.

(2) Costs referred to in Paragraph (1) of this Article shall include all expenditures related to the activities of basic research, applied research and development, and especially all direct costs such as wages, allowances, costs of goods and services, costs of equipment and facilities to the extent in which they are used for activities of research and development.

Article 16

(1) Financial institutions shall be recognized expenditures originating from amount of impairment for claims on assets in the balance sheet and provisioning for off-balance losses for which there is an objective proof of the decreased value, regardless whether they are assessed on individual or group basis, which financial institutions have executed in accordance with accounting regulations and regulations of the supervisors. Income from reducing value impairment and provisioning shall be included in the tax base.

(2) Expenditures originating from impairment of claims on assets that are on the balance sheet and assessed on the group basis and the historical cost principle (latent losses – IBNR) shall not be recognized for tax purposes. Income from reducing IBNR shall be excluded from the tax base.

(3) Insurance and reinsurance companies shall be allowed to deduct the expenditure for the establishment of the mathematical reserve provided that they are established in accordance with the regulations of the supervisory authority.

(4) Insurance and reinsurance companies shall be recognized as tax allowed expenditure the one for the establishment of technical reserve, except mathematical reserve, under the following conditions:

a) they are established in accordance with the regulations of the supervisory authority;

b) the amount by which the reserves have been increased in the balance sheet of the current period does not exceed 20% when compared with the previous period.

(5) Expenditures that exceed the amounts determined in the provisions of this Article shall be non-deductible and cannot be carried forward to the next tax period.

Article 17

(1) Accrual adjustments and/or write-off of receivables that are presented as income in accordance with the accounting regulations shall be recognized as expenditures, except expenditures referred to in Article 9, Paragraph 1 Item k), under the following conditions:

a) the receivables were included in the income of the taxpayer in the previous tax period and they were not collected during a period of 12 months from the due date or;

b) a lawsuit has been filed to ensure collection or an enforcement procedure has been initiated or the receivables have been declared in a liquidation of bankruptcy procedure against the debtor.

(2) Expenditures resulting from accrual adjustment and/or write-off of receivables that are not presented as income in accordance with the accounting regulations shall be recognized as expenditures, except expenditures referred to in Article 9, Paragraph 1 item k), provided that the conditions stipulated under Paragraph (1) of this Article have been fulfilled.

(3) Provisions of this Article shall not apply to financial institutions establishing reserves according to the regulations of the supervisory authorities.

Article 18

(1) Financial expenditures resulting from the payment of interest or its functional equivalent under financial contracts and instruments taken from related entities, shall be deductible in the manner defined by this Article.

(2) If the ratio between total liabilities pursuant to financial contracts and the registered capital of the taxpayer in the court register should exceed 4:1, financial expenditures that may be assigned to the amount exceeding the ratio 4:1 represent non-deductible expenditures.

(3) Non-deductible expenditures referred to in Paragraph (2) of this Article may not be carried forward from one tax period to the next.

(4) This Article shall not apply to banks and insurance companies.

Article 19

(1) When determining the tax base, accrued depreciation shall be recognized using the proportional depreciation method on fixed assets in the manner prescribed in this Article.

(2) Depreciation rates of fixed assets recognized for tax purposes shall be the following:

a) Buildings - 5%,
b) Roads, utility facilities, railways - 10%,
c) Equipment, vehicles, plants - 15%,
d) Equipment for water management, water supply and sewage systems - 15%,
e) Hardware and software equipment for environmental protection - 33.3%,
f) Perennial crops - 15%,
g) Breeding livestock - 40% and
h) Intangible assets - 20%.

(3) Depreciation expenditures shall be allowed as tax deductible only if the taxpayer's own fixed assets are used for carrying on of the taxpayer's activity.

(4) If the purchase price of assets is less than KM 1,000.00, the purchase value of such assets may be deducted in full in the year when the assets were purchased.

(5) Fixed assets that were written-off completely, but are still kept in the records up to the moment of disposal or elimination, may not be evaluated again and their depreciation may not be calculated again and allowed for tax purposes.

(6) Expenditures incurred for a reduction of value of fixed assets, which are established as a difference between net present value and their estimated recoverable value, shall be allowed as tax deductible expenditures in the tax period in which those assets were sold or destroyed due to *force majeure*.

Article 20

(1) Notwithstanding Article 19 Paragraph (1), the taxpayer shall be entitled to an accelerated depreciation of fixed assets used for prevention of pollution of air, water and soil and for noise absorption.

(2) Accelerated depreciation may be up to 50 % higher than the rates prescribed in Article 19 Paragraph (2) of this Law. The total cost of depreciation may not exceed the purchase value.

3. Revenue Adjustment

Article 21

(1) Income earned from participation in capital of another taxpayer shall not be included in the tax base if they are paid out of the income on which the income tax was calculated and paid.

(2) As evidence that the income referred to in Paragraph (1) of this Article was taxed, the taxpayer shall attach to the tax return a certified declaration of paid and taxed dividend from the payer of the dividend.

Article 22

(1) All written off receivables, under Articles 16 and 17 of this Law, that had been declared as tax deductibles, which were collected at a later stage or for which the creditor had withdrawn a lawsuit or the motion for enforcement or the registration with the bankruptcy or liquidation estate, shall be part of the tax base of the taxpayer.

(2) All written off receivables referred to in Articles 16 and 17 of this Law that had been declared as non-deductible expenditures, which were collected at a later stage, shall not become part of the tax base of the taxpayer at the moment of collection.

Article 23

(1) Income generated from the elimination of provisioning referred to in Article 13 of this Law that was a non-deductible expenditure in the tax period in which it was declared, shall not be part of the tax base.

(2) Income generated from the elimination of provisioning referred to in Article 13 of this Law that was allowed as a deductible expenditure in the tax period in which it was declared, shall become part of the tax base.

4. Capital Gains and Losses

Article 24

(1) Capital gains that increase the tax base in the period in which they are stated shall include all amounts which directly increase the accumulated or current profit in the balance sheet, in accordance with the accounting regulations.

(2) Capital gains that increase the tax base shall also include proceeds from sale transactions, disposal or other forms of transfer of assets, provided that such proceeds have not been included in the income statement.

(3) Capital gains referred to in Paragraph (2) of this Article shall be established as the difference between the value of transaction and the purchase value of the assets reduced by tax deductible depreciation. If the difference is negative, it is a capital loss.

(4) For the purpose of determining capital gains, the value of transaction shall be the contracted value or the market value if the contracted value is lower than the market value.

(5) Capital losses that reduce the tax base in the period in which they are declared shall include all amounts which directly reduce the accumulated or current earnings in the balance sheet, in accordance with the accounting standards.

(6) Capital losses referred to in Paragraph (5) of this Article shall be the transactions allowed as tax deductible expenditures under this Law.

5. Tax Loss

Article 25

(1) If, on the occasion of determining the tax base for income tax, a loss is declared in the tax balance, then this loss, declared in the tax balance, may be used for reduction of the tax base in the upcoming accounting periods, but for not more than five years.

(2) The loss referred to in Paragraph (1) of this Article that has not been used in the tax balance for the next year, shall be used in the first next year in which the income is made, so that the tax base is always reduced by the loss of an older date.

(3) The tax loss that is not used in accordance with Paragraph (2) of this Article during the five years following the year in which it was made, may not be used for reduction of taxable income in the following accounting periods.

(4) The tax loss that originated outside of the territory of the Federation, either in the Republika Srpska or the Brčko District, or abroad, shall not be recognized.

(5) The contents and the form of the summary of incurred, used and unused tax losses shall be prescribed by the Federation Minister of Finance in a Rulebook on Application of the Law on Income Tax.

IV STATUS CHANGES

1. Taxpayer Status Changes

Article 26

(1) The taxpayer undergoing status changes (merger, acquisition, division, transformation and termination of the company) shall be obliged to prepare a tax return and establish the tax base pursuant to the provisions of this Law.

(2) The rights and obligations of the merged, acquired or divided taxpayers shall be assumed by the legal successors for the tax and legal purposes.

2. Merger, Acquisition, Division and Transformation

Article 27

(1) Legal successor shall prepare the tax return and establish the tax base pursuant to this Law by adjusting the income presented in the financial report from the date of the status change to the end of the tax period.

(2) If there is continuity of taxation in the course of a merger, acquisition, division, or transformation of the legal entity, and the taxpayer continues with the activity, the tax liability shall be determined in the manner as if there has not been a status change.

(3) Continuity of taxation under Paragraph (2) of this Article shall exist if during the transfer to the legal successors they maintain the book values of assets and liabilities i.e., there is no change of value by the successors.

(4) If during a merger, acquisition or division, the same book values of transferred assets and liabilities are not maintained, the difference in capital that originates from the change shall be included in the tax base of the legal successor.

(5) The provisions of paragraphs (2) through (4) of this Article shall apply regardless of whether it is one or more legal entities that have performed status changes**.**

2. Tax Treatment of Liquidation and Bankruptcy

Article 28

(1) Income of a taxpayer in the process of bankruptcy, from the date of issuing the decision to initiate bankruptcy proceedings until the beginning date of the application of the reorganization plan in case of bankruptcy or the legal validity of the decision to continue the bankruptcy proceedings, including income in the process of reorganization, shall be taxed according to this Law.

(2) The taxpayer referred to in Paragraph (1) of this Article shall make a tax return within 30 days from the date of:

a) opening the bankruptcy proceedings, with the balance on the date of the opening;
b) beginning the application of the reorganization plan, with the balance on that date.

(3) Income of the taxpayer in the period from the absolute validity of the decision to continue the bankruptcy proceedings until the absolute validity of the decision to close the bankruptcy proceedings (hereafter: the bankruptcy period) shall be established as a positive difference in the value of the taxpayer's assets at the end and at the beginning of the bankruptcy period, after the settlement of creditors. The value of the taxpayer's assets at the beginning of the bankruptcy period shall be the value of assets on the date of opening the bankruptcy proceedings corrected for the changes that occurred before the beginning of the bankruptcy period.

(4)The taxpayer referred to in Paragraph (3) of this Article shall make a tax return within 30 days from the date of:

a) Absolute validity of the decision to continue the bankruptcy proceedings with the balance on the date of the validity of that decision;

b) absolute validity of the decision to close the bankruptcy proceedings, with the balance on the date of the validity of that decision.

Article 29

(1) Income of the taxpayer in the liquidation process, from the date of the decision to open the liquidation process until the date of absolute validity of the decision to terminate the liquidation process, shall be taxed in accordance with this Law.

(2) The taxpayer referred to in Paragraph (1) of this Article shall make a tax return within 30 days from the date of:

a) opening the liquidation process, with the balance on the opening day;

b) absolute validity of the decision to terminate the liquidation process, with the balance on the date of validity of that decision.

Article 30

(1) If the liquidation surplus of assets is higher than the registered capital of the legal entity in the court register, which belongs to the owner of the legal entity against which the liquidation process has been terminated or the bankruptcy proceedings closed, the realized surplus shall have the status of dividends.

(2) The value of the assets referred to in Paragraph (1) of this Article shall be equal to their market value after the end of the liquidation process or the bankruptcy proceedings.

(3) If the book value of the capital exceeds the amount of the liquidation surplus, and the owner of the capital is incurring a loss, the incurred loss shall not be recognized for tax purposes as an allowable reduction in the tax base.

V TAX RATE

Article 31

Corporate income tax shall be paid at the rate of 10 percent of the assessed tax base in the tax balance.

VI ELIMINATION OF DOUBLE TAXATION OF INCOME

Article 32

(1) If during a tax period a company – resident of the Federation should generate income from the business activities of a subsidiary in the Republika Srpska and Brčko District, the income tax that this taxpayer is bound to pay in the Federation shall be reduced by the amount of tax that the taxpayer has paid or should pay on income generated in the Republika Srpska or the Brčko District in accordance with this Article.

(2) If during a tax period, a company that is a resident of the Federation should generate income from the activities outside the territory of Bosnia and Herzegovina, the income tax that this taxpayer is bound to pay in the Federation shall be reduced by the amount of tax that the taxpayer has paid or should pay on income generated outside the territory of Bosnia and Herzegovina in accordance with this Article.

(3) The reduction of income tax stipulated in paragraphs (1) and (2) of this Article may not exceed the amount of tax that would have been paid for the same amount of income declared in accordance with the provisions of CHAPTER III. THE TAX BASE of this Law.

(4) If during a tax period a resident of the Federation should earn income outside the territory of Bosnia and Herzegovina, the income tax that the said resident would have to pay in the Federation shall be reduced by the amount of the withholding tax that the resident has paid outside the territory of Bosnia and Herzegovina.

(5) The provisions of paragraphs (3) and (4) of this Article shall be applied in accordance with Article 35 of this Law.

Article 33

(1) The taxpayer referred to in Article 32 paragraphs (1) and (2) of this Law shall submit to the authorized organizational unit of the Tax Administration proof of the amount of income and the amount of the income tax that its subsidiary has paid.

(2) The taxpayer referred to in Article 32 Paragraph (4) of this Law shall submit to the authorized organizational unit of the Tax Administration proof of the amount of earnings, the amount of the withholding tax that has been paid and, as required, a Certificate of Residency

issued by the competent authority of the income payer's country if the proof of the amount of income has not been certified by the competent authority of the payer's country.

Article 34

(1) For the purpose of avoiding double taxation, at the request of the taxpayer - resident of the Federation, a Certificate of Residency shall be issued by the competent organizational unit of the Tax Administration in which the taxpayer is registered.

(2) The form, contents and the procedure of issuing the certificate of residency, which stems from the agreement on avoidance of double taxation, shall be prescribed by the Federation Minister of Finance.

Article 35

(1) Agreements on avoidance of double taxation that Bosnia and Herzegovina ratified or acceded to via notification, shall apply for the taxation of corporate income or earnings of non-residents, and shall take precedence over the provisions of this Law.

(2) Agreements on avoidance of double taxation may not assign new tax obligations.

VII TAX INCENTIVES

Article 36

(1) The taxpayer shall be entitled to a reduction of the income tax based on investments in accordance with the conditions stipulated in this Article.

(2) The taxpayer that has invested in manufacturing equipment by using own funds in the value of more than 50% of the income realized in the current tax period, shall be entitled to a reduced income tax liability by 30% of the amount in the year of investment.

(3) Investments in the manufacturing equipment referred to in Paragraph (2) of this Article shall mean the purchase of fixed assets as follows: plants and equipment, with the exception of passenger cars, that the taxpayer purchases with own funds for the purpose of performing manufacturing activities.

(4) The taxpayer that has made investments from own funds in the period of five consecutive years, in the total amount of KM 20 million, provided that KM 4 million was invested in the first year, shall be entitled to a reduced income tax liability by 50% in the years of investment.

(5) Investments referred to in Paragraph (4) of this Article shall mean the investments in fixed assets as follows: real estate, plants and equipment, with the exception of housing units and passenger cars, which the taxpayer will use for the purpose of performing manufacturing activities.

(6) The taxpayer referred to in paragraphs (2) and (4) shall lose the right to a tax exemption if:

a) it pays out the dividends during and up to the third year from the last year in which the tax incentive referred to in this Article was used, from the income that has been exempt from payment of the income tax.

b) in the period of five years it does not reach the threshold for investment referred to in Paragraph (4) of this Article;

c) it uses the right to carry forward the tax loss up to the expiry of the second year after the last year when the incentive was used;

(7) The taxpayer referred to in Paragraph (6) of this Article shall be obliged to calculate and pay the difference in the income tax as if the tax reduction never took place, together with the penalty interest charged on overdue public revenues.

(8) The taxpayer shall have the right to use only one of the tax incentives referred to in this Article during a single tax period.

(9) Federation Minister of Finance shall prescribe in the Rulebook on Application of the Law on Income Tax, the contents and the form of the template showing the existing, used and unused tax incentives and the procedure for proving them.

Article 37

(1) The taxpayer shall be entitled to a tax deductible expense in the amount of twice the total of gross wages paid to the newly hired employees if the taxpayer meets the requirements as follows:

a) The employment contract must be for at least 12 months and the type of employment must be full-time and
b) A newly hired employee was not employed by the taxpayer or a related entity within the previous five years.

(1) The taxpayer referred to in Paragraph (1) of this Article shall lose the right to deduct the expenditures in the double amount if it has not observed the conditions referred to in Paragraph (1) of this Article, and it shall be obliged to calculate and pay the tax difference together with the penalty interest charged on public revenues.

VIII WITHHOLDING TAX

Article 38

(1) Withholding tax shall be calculated on income earned by a non-resident by carrying out intermittent activity on the territory of the Federation, with the exception of income attributable to the non-resident's business unit in the Federation. Withholding tax shall be calculated based on the paid or otherwise settled:

a) dividends or distribution of profit;
b) interest, or its functional equivalent under financial instruments and arrangements;
c) copyright royalties and other intellectual property rights fees;
d) payments for management, technical and educational services (including fees for market research services, tax advisory services, audit services and consulting services);
e) compensation for lease of movable and immovable property;
f) payments for entertainment and sporting events;
g) insurance premiums for insurance or reinsurance of risks in the Federation;
h) fees for telecommunication services;
i) other fees for services, but only for non-residents from the countries with which there is no signed agreement on avoidance of double taxation.

(2) Withholding tax shall be calculated and paid also on the income of a non-resident that results from business operations referred to in Article 6 paragraphs (3) and (4) of this Law if the recipient of income has no status of a taxpayer referred to in Article 3 Paragraph (3) of this law.

(3) Withholding tax shall not be paid on:

a) Interest on loans given by suppliers for purchase of equipment for manufacturing activities;
b) Interest on government bonds;
c) Insurance premiums paid for reinsurance of risks in the Federation paid by the reinsurance company licensed by the supervisory authority.

(4) Withholding tax shall be calculated and withheld by the payer - resident of the Federation on behalf of the non-resident when paying or otherwise settling the obligations to the non-resident.

(5) The payer of income shall be required to file a tax return to the competent organizational unit of the Tax Administration on the calculated and paid withholding tax for and on behalf of the non-resident, and pay the tax within 10 days after the end of the month in which the payment to the non-resident was made or the obligation to the non-resident was otherwise settled.

(6) The base on which the withholding tax is calculated shall be the gross amount.

(7) Withholding tax shall be paid at the rate of 10 percent, and for dividends at the rate of 5 percent. The rate of the withholding tax may be lower in cases when an agreement on avoidance of double taxation is applied.

(8) The term "dividend" shall apply to income from shares or other rights (with the exception of receivables), participating in profits, as well as income from other corporate rights which is subject to the same taxation treatment as income from shares.

(9) The term "interest" shall apply to income from receivables of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's income, and, in particular, income from government securities and income from bonds or loans, including premiums and prizes attaching to such securities, bonds or loans. Penalty interest shall not be deemed as interest under this Article.

(10) The term "copyright royalties and other intellectual property rights fees" shall apply to compensation for the use of, or the right to use copyright on literary, artistic or scientific work, including cinematography films, any patents, licenses, trademark, design or model, plan, secret formula or process, or information concerning industrial, commercial or scientific experience and other similar rights, paid to non-residents.

(11) Federation Minister of Finance shall prescribe the contents and the form of the tax return referred to in Paragraph (5) of this Article in Rulebook on Application of the Law on Income Tax.

Article 39

(1) Taxable income of a non-resident shall include also the income earned by a non-resident legal entity from a resident legal entity or other non-resident in the territory of the Federation from sale or transfer against a price of immovable property, participating investments or capital shares that, in accordance with the accounting regulations, are considered long-term financial investments, and the industrial property rights, unless otherwise stipulated in the agreements on avoidance of double taxation.

(2) In order to determine the amount of income referred to in Paragraph (1) of this Article, a sales price shall be the contracted price, except in cases of sales to related entities when the contracted price is lower than the market price, in which case the sales price shall be the market price without the value added tax.

(3) Non-resident – recipient of income referred to in Paragraph (1) of this Article shall be obliged to, independently or through a proxy designated in accordance with special regulations, file a tax return with a competent organizational unit of the Tax Administration in the municipality on the territory of which the immovable property is located, the main office of the legal entity in which the non-resident legal entity owns participating investments or shares that are subject of sale, and to make a payment within 30 days of the date on which the income was generated.

(4) Should the non-resident – recipient of income fail to file a tax return and make the payment in accordance with Paragraph (3) of this Article, the taxpayer shall be the buyer of the immovable property or the legal entity – resident whose participating investments or shares are transferred as if it were its tax liability.

(5) Federation Minister of Finance shall prescribe the contents and the form of the tax return referred to in Paragraph (3) of this Article in the Rulebook on Application of the Law on Income Tax.

Article 40

(1) If a lower tax rate than the rates laid down in Article 38 Paragraph (7) of this Law is applied, the payer shall be obligated to submit to the competent organizational unit of the Tax Administration, along with the prescribed form, the Certificate of Residency of the recipient of income issued by the competent authority of the recipient's state, not older than a year, and the statement of the non-resident confirming that he is the recipient of income and the beneficial owner, i.e. the beneficiary of the stated income.

(2) If the withholding tax is not duly and timely withheld and/or paid, the payer of income shall pay the withholding tax owed by the non-resident as if it were its own tax liability.

(3) If the agreement on the avoidance of double taxation stipulates taxation in the non-resident's state, the payer of income shall be obliged to have in its records the documents referred to in Paragraph (1) of this Article.

IX GROUP TAXATION

1. Tax Consolidation

Article 41

(1) Under this Law a parent company and its subsidiaries shall be considered as a group of companies, if among them they exercise a direct or indirect control of over 50% of stocks and/or shares.

(2) The group of companies, referred to in Paragraph (1) of this Article, shall have the right to request tax consolidation under the condition that:

a) all companies in the group are residents of the Federation and
b) there is a decision of the participating companies that they agree to the consolidation.

(3) A parent company shall file an application for tax consolidation with the competent organizational unit of the Tax Administration, not earlier than after the expiry of the tax period in which the conditions referred to in paragraphs (1) and (2) of this Article were met, from the beginning through the end of the tax period it refers to.

(4) If the conditions referred to in paragraphs (1) through (3) of this Article are met, the competent organizational unit of the Tax Administration shall, within 30 business days from the day of filing the application, issue a decision on approving the tax consolidation.

Article 42

(1) Each member of the group referred to in Article 41, Paragraph (1) of this Law shall be required to file its tax balance, and the parent company shall file a consolidated tax balance for the group of companies.

(2) In the consolidated tax balance, losses of one or more companies shall be cleared against the income of other companies in the group.

(3) Taxable income generated by a member of the group referred to in Article 41 Paragraph (1) of this Law, which is stated in the consolidated tax balance may not be reduced by the amount of the tax loss which is carried forward from previous years.

(4) Individual members of the group shall be taxpayers for the tax charged on a consolidated balance, in proportion to the taxable income from the individual tax balance, and the parent company shall be the payer of the tax calculated on a consolidated balance.

(5) The contents and the form of the consolidated tax balance shall be prescribed by the Federation Minister of Finance in Rulebook on Application of the Law on Income Tax.

Article 43

(1) Once approved, the tax consolidation shall be applied for at least five years.

(2) If one or more of the companies in a group subsequently opt for individual taxation prior to the expiration of the period referred to in Paragraph (1) of this Article, all members of the group shall be required to pay the difference for the tax that they would have been obligated to pay if they had not used the tax consolidation.

X TRANSFER PRICING

Article 44

(1) The taxpayer that takes part in a transaction with a related entity shall determine its taxable income in a manner consistent with the at arm's length principle.

(2) The taxable income of the taxpayer which engages in one or more transactions with related entities shall be consistent with the at arm's length principle if the conditions of transactions with related entities do not differ from the conditions that would have applied between independent entities in comparable transactions carried out under comparable circumstances.

(3) The term "related entities" shall apply to any two entities if one entity is acting or will probably act in accordance with guidelines, requests, proposals or wishes of the other entity or if both entities act or will probably act in accordance with guidelines, requests, proposals or wishes of the third entity regardless of whether such guidelines, requests, proposals or wishes were communicated. Related entities shall be considered to include especially the following:

a) Spouses, whether by marriage or common-law, descendants-adoptees or descendants of adoptees, parents, adoptive parents, siblings and their descendants, grandparents and their descendants as well as siblings and parents of the spouse, whether by marriage or common-law;

b) A legal entity and any individual directly or indirectly owning 25 percent or more of the value or the number of shares or voting rights in the stated legal entity.
c) Two or more legal entities if an individual or a third entity directly or indirectly owns 25 percent or more of the value or the number of shares or voting rights in each of the stated legal entities.

(4) If the conditions of a controlled transaction are not consistent with the at arm's length principle, the taxable income shall be increased through the increase of income or reduction of expenditures that can be deducted from the tax base.

Article 45

(1) Under Article 44 Paragraph (2), transactions shall be deemed comparable:

a) When there are no significant differences between the transactions that could materially affect the financial results being examined under the transfer pricing method, or
b) When such differences exist, if a reasonably accurate adjustment can be made in order to eliminate the effects of such differences.

(2) Whether the conditions of transactions between related entities are consistent with the at arm's length principle shall be determined by applying the most appropriate transfer pricing method to the circumstances of the case. The most appropriate transfer pricing method shall be selected from among the following transfer pricing methods:

a) comparable uncontrolled price method;
b) cost plus method;
c) resale price method;

(3) In case that it is not possible to apply methods referred to in Paragraph (2) of this Article, one of the following alternative methods may be applied:

a) Income split method
b) Transactional net margin method, or
c) Any other method, provided that none of the methods referred to in Paragraph (2) of this Article and items a) and b) of this Paragraph can be reasonably applied to determine the conditions according to the arm's length principle for transactions between related

entities, and that such other method yields a result consistent with the at arm's length principle.

Article 46

(1) The taxpayer engaging in transactions with the related entities shall be obligated, when filing its tax return, to have transfer pricing documentation which includes sufficient information and analysis to confirm that the conditions of its transactions with related entities were consistent with the principle at arm's length.

(2) Upon receipt of a request from the Tax Administration, the taxpayer shall submit within 45 days the transfer pricing documents to the Tax Administration.

(3) Federal Minister of Finance shall pass the Rulebook on Transfer Pricing, which shall set out in detail the application of individual methods, determining of transfer pricing, and the procedure of presenting evidence.

XI ASSESSMENT AND COLLECTION OF INCOME TAX

1. Tax Period

Article 47

(1) Income tax shall be calculated on the tax base in accordance with the provisions of this Law and for a tax period that is equal to a calendar year.

(2) Notwithstanding Paragraph (1) of this Article, a tax period may differ from a calendar year in the following cases:

a) a legal entity started business operations during the calendar year;
b) a legal entity terminated business operations before the calendar year has expired;
c) there were status changes of a legal entity and
d) a different accounting period was determined pursuant to the decision of the Federation Minister of Finance that will apply for at least three consecutive tax periods.

(3) The taxpayer who has the tax period referred to in Paragraph (2) item d) of this Article shall be obliged to file a tax return within 30 days for:

a) the period between January 1 of the current year and the date on which, according to the decision, begins his business year, which is different than the calendar year; or
b) the period between the date on which, according to the decision, the business year stops and December 31.

(4) The taxpayer shall be obliged to submit the decision to the competent organizational unit of the Tax Administration in case of application of the tax period referred to in Paragraph (2) item d) of this Article.

2. Tax Assessment

Article 48

(1) Assessment of income tax shall be made by entering in the Tax Administration records the amount of liability which was determined and declared by the taxpayer in the tax return.

(2) Assessment shall also be considered as an entry in the records of the Tax Administration of the amount of tax liability determined during an audit of the taxpayer or by processing of taxpayer's tax return and comparing of data from the tax balance.

(3) Assessment shall also be considered as the entry in the records of the Tax Administration of the amount of tax liability determined by the Tax Administration on the basis of the data from the tax return filed by the Tax Administration on behalf of the taxpayer.

(4) Tax assessment shall be revoked or changed if the Tax Administration determines that the assessment may be changed or revoked, or when authorized officials of the Tax Administration issue a decision ordering a payment of additional tax liability determined on the basis of the executed audit.

3. Tax Return

Article 49

(1) Taxpayers shall be required to submit a properly and accurately filled tax return to the competent organizational unit of the Tax Administration within 30 days after the expiry of the deadline prescribed for filing of annual financial statements.

(2) The tax return referred to in Paragraph (1) of this Article shall include the income tax return, the tax balance and other documents stipulated by this Law.

(3) Along with the tax return referred to in Paragraph (1) of this Article, the taxpayer referred to in Article 3, paragraphs (2) and (3) of this Law shall submit also the income statement.

(4) If the total amount of transactions of the taxpayer referred to in Article 44 of this Law exceeds the amount of KM 500,000.00 in the tax period, the taxpayer shall file with the competent organizational unit of the Tax Administration a special summary of such transactions along with the tax return.

(5) The Federation Minister of Finance shall prescribe the contents and the form of the tax return and the tax balance in the Rulebook on Application of the Law on Income Tax.

Article 50

(1) In the case of an error correction or data addition on the previously filed tax return, the taxpayer may file an amended tax return, referred to in Article 49 of this Law, on his own within 180 days after the filing of the first tax return.

(2) Should the taxpayer, after the expiry of the deadline referred to in Paragraph (1) of this Article, notice the need to amend the tax return, it shall inform the competent organizational unit of the Tax Administration about it.

(3) The amended tax return shall be filed by the taxpayer by using the same prescribed forms that were used for the tax return which is amended, with the remark that it is an amended tax return.

(4) The amended tax return shall contain the information on the reason for amending the previously filed tax return.

Article 51

Separate regulations shall be applied to determining, collection and tax refund, appeals procedure, statute of limitations, misdemeanour procedure and other procedures related to the income tax.

4. Tax Collection

Article 52

(1) The taxpayer shall pay income tax in advance in the course of the year in equal monthly amounts.

(2) Legal entity referred to in Article 28, Paragraph (1) and Article 29, Paragraph (1) of this Law shall also be obliged to make advance payments.

(3) Advance payments shall be calculated according to the income tax return for the previous tax period and that amount shall be paid until the new tax return is filed.

(4) The amount of the monthly advance payment may be changed upon request of the taxpayer in the following cases:

a) A status change of the taxpayer;

b) When there is a founded assumption that the taxpayer will operate with a loss, provided that the taxpayer may prove that assumption;

c) Natural catastrophe or another accident that had a major influence on the taxpayer’s business operations.

(5) The amount of the monthly advance payment may be changed also by the Tax Administration due to audit or based on other data about the taxpayer's business operations they have at disposal.

(6) In cases referred to in paragraphs (4) and (5) of this Article, the Tax Administration shall determine in its decision the new monthly advance amount of income tax.

(7) The taxpayer that starts operating for the first time shall not be required to make advance payments of income tax until filing the first corporate income tax return.

Article 53

(1) The advance payment of the income tax shall be paid till the end of the current month for the previous month.

(2) If the tax that was determined and declared in the income tax return, is higher than the amount paid in monthly advance payments of the income tax, the taxpayer shall pay the difference no later than 20 business days from the date of filing the tax return.

(3) If the tax that was determined and declared in the income tax return is less than the amount paid in monthly advance payments of the income tax or the prepayments of the income tax from the previous periods, the overpayment shall, at the request of the taxpayer, be refunded within a period of 20 business days after the day when the refund request is submitted, or it shall be included in the advance payments of the income tax for the next period, provided that the taxpayer has no arrears for other taxes.

Article 54

(1) The taxpayer shall pay the penalty interest on public revenues on the amount of income tax or the amount of monthly advance payment which are not paid within the legally prescribed deadline.

(2) The taxpayer shall have the right to penalty interest on public revenues in case of a refund of an overpaid or erroneously paid tax.

5. Payments of Profits

Article 55

(1) A taxpayer may not make a payment out of income if on the payment date the taxpayer has outstanding liabilities on the grounds of direct taxes and/or contributions or liabilities to employees on the grounds of income from dependent activity.

(2) The taxpayer may not extend loans or transfer property to other legal entities if it has the outstanding liabilities on the grounds of payment of public revenues or liabilities to employees on the grounds of income from dependent activity.

6. Statute of Limitations

Article 56

(1) The right to assess and collect taxes, interest and enforced collection costs and fines imposed under this Law shall be subject to the statute of limitations of five years after the year in which the assessment, i.e., collection of taxes, interest and enforced collection costs and fines should have been made.

(2) Notwithstanding Paragraph (1) of this Article, the right to assess and collect taxes, interest, and costs of enforced collection and fines shall not be subject to statute of limitations in cases where it was determined that the tax liability was assessed on the basis of incorrect documentation or if the tax return was not filed.

XII BUSINESS RECORDS

Article 57

(1) Accounting books and records that are kept in accordance with the accounting regulations shall be relevant for determining the tax base.

(2) The taxpayers referred to in Article 3, paragraphs (2) and (3) of this Law shall ensure separate accounting monitoring of business events and calculation of taxable income, in accordance with Paragraph (1) of this Article.

XIII PENALTY PROVISIONS

Article 58

(1) Taxpayers that by action or omission violate the provisions of this Law shall be subject to a fine.

(2) A fine of KM 3,000.00 up to KM 100,000.00 shall be imposed on the taxpayer for a violation if the taxpayer:

a) Fails to file the tax return and the tax balance in accordance with Article 49, Paragraph (1) of this Law;
b) Fails to file the withholding tax return in accordance with Article 38, Paragraph (5) or Article 39, Paragraph (3) of this Law;
c) Fails to file a consolidated tax balance and individual balances in accordance with Article 42, Paragraph (1) of this Law;
d) Fails to make a tax return in accordance with Article 28, paragraphs (2) and (4) and Article 29, Paragraph (2) of this Law;
e) Fails to submit a summary of transactions in accordance with Article 49, Paragraph (4) of this Law;

f) Makes the payment in contravention of Article 55 of this Law; this Law
g) Fails to render the transactions with related entities consistently with the arm's length principle under Articles 44 through 46 of this Law;
h) Fails to maintain the business records in accordance with Article 57 of this Law;
i) Does not have documentation in accordance with Article 40 of this Law;
j) Does not have transfer pricing documentation in accordance with Article 46 Paragraph (1) of this Law;
k) Fails to submit documentation to the Tax Administration upon its request in accordance with Article 46, Paragraph (2) of this Law;
l) Or if the tax assessment established under Article 48, Paragraph (1) of this Law is lower than the tax assessment established under paragraphs (3) and (4) of the same Article.

(3) The responsible person in the legal entity also shall be fined for the violation referred to in Paragraph (2) of this Article in the amount of KM 2,500.00 to KM 10,000.00.

(4) The fines stipulated under paragraphs (2) and (3) of this Article shall be increased by 50% in those cases when the taxpayer commits a violation referred to in Paragraph (2) of this Article again, for a second time or multiple times.

Article 59

(1) A fine of KM 2,000.00 up to KM 30,000.00 shall be imposed on the taxpayer for a violation if the taxpayer:

(a) fails to make the advance payment in accordance with Article 52 of this Law;
(b) fails to make a payment in accordance with Article 53, Paragraph (2) of this Law;
(c) fails to submit the decision to the competent organizational unit of the Tax Administration in accordance with Article 47, Paragraph (4) of this Law.

(2) The responsible person in the legal entity also shall be fined in the amount of KM 1,000.00 up to KM 3,000.00 for the violation referred to in Paragraph (1) of this Article.

(3) The fines stipulated under Paragraphs (1) and (2) of this Article shall be increased by 50% in those cases when the taxpayer commits for a second time or multiple times a violation referred to in Paragraph (1) of this Article.

XIV TRANSITIONAL AND FINAL PROVISIONS

Article 60

(1) Within six months from the date of entry into force of this Law, the Federation Minister of Finance shall pass Rulebook on Application of the Law on Income Tax that will regulate the following: determining of the tax base, procedures for assessment and collection of tax, procedures for obtaining tax incentives, the form, contents, methods and deadlines for submitting tax return forms, and other issues of importance for the application of this Law.

(2) The Federation Minister of Finance shall pass the Rulebook on Transfer Pricing, for which he is authorized under Article 46, Paragraph (3) of this Law, within six months from the date of this Law's entry into force.

Article 61

(1) On the day this Law comes into effect, the Law on Income Tax ("Official Gazette of the Federation of BiH", Nos. 97/07, 14/08 and 39/09) shall cease to be in effect after the end of the 2015 accounting period, with the exception of provisions concerning tax exemption referred to in Article 32 related to started investments, which shall apply until the expiration of the five year period, and provisions on loss carrying forward referred to in Article 24, which shall apply until the expiration of the five year period or the period for which they could be used.

(2) The procedure of determining the tax base and collecting the income tax for 2015 shall be done according to the provisions of the Law on Income Tax ("The Official Gazette of the Federation of BiH", Nos. 97/07, 14/08 and 39/09).

Article 62

This Law shall enter into force on the eighth day after its publication in the "Official Gazette of the Federation of BiH."

I, Hilmija Bajgorić, certified court translator and interpreter, do hereby certify this to be true and correct translation of the original document in the Bosnian language.
No. 47/17
Sarajevo, 24th April 2017.