

Pursuant to Article 48, Article 31 paragraph (1) and Article 36 paragraph (2) of the Income Tax Act (Official Gazette of the Federation of BiH, 10/08) federal minister of finance issues the:

RULE BOOK ON APPLICATION OF THE INCOME TAX ACT

I GENERAL PROVISIONS

1. Introductory provision

Article 1

(1) This Rule book provides for application of the provisions of the Income Tax Act (hereinafter: the Act), method of determining taxable income, method of determining annual tax base, method of calculating and paying income tax, criteria for payments of income tax from self-employment activities in annual lump-sum, form and manner of recording of tax card, form and method of tax returns and other records filing, form and content of business books and records on which income from self-employment activities shall be determined, method of calculation of accelerated depreciation, form and content of record on incomes from prize games and games of chance etc.

(2) An integral part of this Rule book shall be the following forms: Request for tax card issuing PK-1001, Tax card PK-1002, Wage slip OLP-1021, Annual report on total paid salaries and other personal benefits GIP-1022, Monthly report on paid salaries, realized benefits and other taxable employees incomes from employment activity, paid contributions and advance payment of income tax MIP-1023, Individual monthly report on paid salaries, calculated and paid contributions and tax on income from employment PMIP-1024, Withholding tax advance payment on income for occasional self-employment activities AUG-1032, Withholding tax advance payments on incomes from other self-employment activities ASD-1032, Return of tax income from investment of equity, incomes from prize games and games on chance and withholding tax of non-resident for incomes from occasional self-employment activities PDN-1033, Return of income from property and property rights PIP-1034, Book of Revenues and Expenses KPR-1041, Turnover Book KP-1042, List of non-current asset PLDI-1043, Receivables and liabilities record EPO-1044, Annual Income Tax Return GDP-1051, Annual Income Tax Return of joint self-employment activity GPZ-1052, Specification for determination of Tax Income of self-employment activity SPR-1053, Record of revenues and expenses from immovable asset renting PRIM-1054 and Application for determination of monthly lump-sum ZMP-1055.

2 Taxpayer

Article 2

(1) For the purpose of Article 2 of the Act and Article 3 point 2 of the Tax Administration Act of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, 33/02, 28/04 and 57/09), a taxpayer shall also be a person(s) who inherits assets of the deceased taxpayer after his/her death and for unreported and unpaid tax liabilities arising from taxable income of the deceased earned until his/her death and only in the value of inherited asset.

(2) In addition to the resident of the Federation referred to in Article 2 paragraph (3) of the Act, income taxpayers for the purpose of Article 2 paragraph (1) point 1) of the Act shall be natural persons with residence on the territory of Republic of Srpska and/or Brčko District if the income from employment activity is earned from employment in legal or natural entity with seat on the territory of the Federation.

(3) Natural persons – employees that shall be deemed a resident taxpayers in the Federation for the purpose of paragraph (2) of this Article, shall be taxpayers of income earned from employment activities with one or more employers with the seat on the territory of the Federation. Calculation and payments of monthly advance payments of income from employment activity for this natural persons shall be done on the manner prescribed by the provisions of Article 27 of the Act and provisions of Articles 16 and 17 of this Rule book. Pursuant to provisions of Article 37 paragraph (2) of the Act or Article 21 paragraph (4) of the Rule book an employer shall pay monthly income advance payments of income tax on prescribed accounts for public revenues payments according to where the seat of employer or employment income payer is.

(4) Pursuant to provisions of the Income Tax Act natural persons from paragraph (3) of this Article shall be taxpayers of the tax on income earned within tax period on the territory of the Federation from self-employment activities from Article 12 paragraph (2), points 1), 2) and 3) as well as from other self-employment activities from Article 12 paragraph (4) of the Act in addition to tax on income from employment activities. An employer or payer shall calculate, suspend and pay on the prescribed accounts an advance payment of income tax when paying incomes on this basis and according to place where the seat of an employer or payer is.

(5) For the purpose of Article 2 of the Act and Article 3 point 2) of the Tax Administration Act of the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, 33/02, 28/04, 57/09, 40/10 and 27/12) a taxpayer shall be person who inherits assets from deceased taxpayer and for unreported and unpaid tax liabilities arising from taxable income earned by deceased until his/her death and only in value of inherited asset.

3. Subject to taxation

Article 3

(1) Subject to taxation shall be income of natural person from Article 2 of the Act earned during the tax period from all sources determined by Article 4 of the Act and that shall be difference between earned incomes, that are deemed to be taxable incomes for the purpose of provisions of the Act and expenses necessary for earning income, that can be deducted.

(2) In accordance with Article 14 paragraph (1) of the Act subject to taxation shall be all incomes from employment and/or self-employment as well as from property and property rights, earned in cash and/or goods and/or services, from unregistered operations (undeclared employment or self-employment activity without approval of competent body).

(3) When determining tax base for incomes from paragraph (2) of this Article, expenses incurred at natural person who earned the incomes shall not be deducted.

II GENERAL PRINCIPLES OF DETERMINING INCOME AND TAXABLE INCOME

1. Receipts not deemed an income

Article 4

(1) In accordance with point 3) of Article 5 of the Act social supports and other benefits other than salaries under the following grounds shall not be deemed an income:

- Law on Rights of Veterans and Members of their families;
- Law on Rights of demobilized Veterans and Members of their families;
- Law on Special rights of winners of war awards and members of their families;
- Law on Rights of Veteran disabled and civilian victims of war.

(2) In accordance with point 4) of Article 5 of the Act donation by legal and/or natural entity to a special account opened just for this case, for a benefit of natural person as financial aid for the purpose of paying medical cost or medical treatment, purchase of medicines and/or purchase of orthopedic aids, if these costs were not sooner or later settled or compensated to the recipient of donation from the funds of basic, supplementary or private health insurance this kind collected funds for recipient of donation shall not be deemed an income that is subject of income tax.

(3) For the purpose of Article 5 point 8) of the Act, as compensation claims not deemed to be taxable income or income of natural person shall be deemed supports or donations in cash, goods, food and other items, clothing, footwear, construction material etc. that natural person receives from other natural and/or legal entities for damages caused by natural disasters (floods, landslides, earthquakes etc.)

(4) In accordance with point 9) of Article 5 of the Act insured sums or other claims compensation for the damages of asset and that are paid in the amount spent for replacement or repair of damaged asset

(5) In accordance with point 11) of Article 5 of the Act, incomes earned by employee from remunerations, supports and/or awards paid by employer under General or Collective Contract and other special regulations shall not be deemed a taxable income of the employee to the amount determined by this Rule book if they are paid in the amounts exceeding the amounts determined by this Rule book, exceeding amounts of remunerations and supports for the purpose of Article 10 paragraph (2) of the Act, shall be deemed as employment income.

(6) In accordance with provisions from paragraph (3) of this Article, exceeding amounts of remunerations and supports shall be recalculated in the gross amount using coefficient calculated using formula from Article 17 of this Rule book in order to determine base for calculation of compulsory contributions from Article 4 of the Insurance Contributions Act.

2. Incomes which are not subject to income tax

Article 5

(1) In accordance with point 5) of Article 6 of the Act income tax shall not be paid on awards received by members of Academy of science and art of Bosnia and Herzegovina as well as awards received by natural person based on technical-technological innovation.

(2) In accordance with point 12) of Article 6 of the Act, income tax shall not be paid on default interest paid by an employer to employee or former employee based on decision(s) of competent court(s) for subsequently paid salaries and salary differences.

(3) In accordance with point 13) of Article 6 of the Act income tax shall not be paid on income from life insurance premiums that are deemed to be savings and/or voluntary pension insurance, paid to the insurance beneficiary by insurance and reinsurance company with the seat on the territory of the Federation, provided that during insurance period premiums are paid by insurance beneficiary from his/her receipts on which compulsory contributions and income tax were previously calculated and paid.

3. Income tax base

Article 6

(1) Income tax base from Article 7 paragraph (1) the Act shall be consisted from all taxable incomes, except those from paragraph (2) of this Article, earned by resident taxpayer within tax period from one or more sources determined by Article 4 of the Act, such as:

- 1. income from employment
- +
- 2. income from self-employment
- +
- 3. income from property and property rights
- =
- total income
-
- 1. tax loss from previous periods from Article 26 of the Act
-
- 2.
- and withholding in accordance with Article 24 of the Act
- =
- tax base

(2) In the tax base shall not be included taxable incomes for which income tax is calculated and paid by withholding during tax period and that shall be deemed a definite tax liability for the purpose of Article 27 paragraph (7), Article 32 paragraphs (2) and (3), Article 33 paragraph (3) and Article 34 paragraph (2) of the Act as well as income from self-employment for which tax is paid in lump sum in accordance with Article 31 of the Act.

4. Cash principle

Article 7

(1) When determining taxable income revenues and expenses shall be determined on cash principle.

(2) According to cash principle only revenues and expenses that led to change in cash balance (cash amount, bank account balance etc.) shall be taken into account. Revenues shall be deemed received when they are on disposal to a taxpayer. Expenses shall be deemed incurred when they have reduced income of taxpayer.

(3) Cash amounts of revenues and expenses in goods shall be determined at market value. A market value shall be a price that would be realized at sale in ordinary business transactions.

(4) Exceptionally, cash principle shall not refer to:

1. expenses for purchase of long-term economic goods registered at the list of non-current assets and that are not deducted immediately but through annual write-offs (depreciation);

2. expenses for acquiring equity receivables (receivables from loans, securities etc) that can not be deducted when determining income;

3. expenses incurred by loan repayments and that can be deducted in this case only in the amount of paid interests;

4. revenues and expenses made for the account and on behalf of the a third party (transitory items etc.)

III. DETERMINATION OF INCOME FROM EMPLOYMENT

1. Employment activity

Article 8

(1) Employment based on which incomes are earned for the purpose of Article 10 of the Act shall be deemed an activity where employee performs activity according to the instructions of an employer.

(2) To decide whether it is employment or self-employment activity complete picture of mutual relations shall be decisive provided that self-employment activities shall be characterized by the following facts:

- an employer determines type, place and time of the work,
- an employer makes working means available to an employee (e.g. business premises with equipment, work clothes, necessary material etc.)
- an employer is to pay all business expenses for employee (travel costs, daily allowances, field allowances, remuneration for living apart etc.)
- an employer pays regular salary to an employee,
- an employer is to pay remunerations for employment during vacation and sickness of employee
- an employee use only his/her capability (physical or mental) but not capital when performing activity
- an employee is required to have certain effect but not a certain success

2. Employer

Article 9

(1) An employers shall be legal or natural entities that shall employ natural persons and pay them for their work.

(2) The following persons also shall have an employer's obligations:

- payers of income from other self-employment activities from Article 12 paragraph (4) point 1) of the Act
- resident taxpayers employed in diplomatic or consular representation of a foreign country or in international organization with diplomatic immunity
- taxpayers who earn income directly from abroad.

3. Employee

Article 10

(1) An employees shall be natural persons performing employment activity and earning incomes from it.

(2) Member of representative bodies of all level of government and local self-government in the Federation of Bosnia and Herzegovina (hereinafter: the Federation) shall be taxed as employees in the part of income earned from this activities.

4. Employment income

Article 11

(1) Employment incomes shall be deemed all employees' benefits earned from work, regardless of title or form in which they are paid.

(2) Employment incomes for the purpose of Article 10 paragraph (2) of the Act shall be the following:

1. incomes for work or services performed outside normal working hours (overtime, night work, duty, etc),
2. incomes paid from the third party with or without agreement with an employer (commissions, discounts, tips, awards etc.) and all other incomes that employee earns from the third party from employment activitiy at employer.
3. incomes paid by empoyer to an employee or former employee based on final court judgement and are referred to subsequent payments of salary(ies) or salary differences from prior tax periods, except amounts referred to calculated and paid default interests.
4. paid remunerations for work no longer than 10 days or 80 hours during a month at employer and in the amount of the most up to 250.00 BAM.

Article 12

- (1) Employee's incomes in goods and services that can be expressed in cash shall be deemed benefits from Article 10 paragraph (3) of the Act.
- (2) The value of receipts in goods and services from paragraph (1) of this Article shall be determined at market value with calculated value added tax at the place of delivery of goods or services.
- (3) Assume and settlement of employee's tax liability by employer shall be deemed benefits for the purpose of paragraph (1) of this Article.
- (4) In case of receiving goods or services at price lower than market price, an employer shall determine difference between market price and price paid by an employee. The difference between market price and price paid by employee shall be deemed an employment income.

Article 13

- (1) When using a real estate an income value shall be amount of the rent at market prices in the place where real estate is located.
- (2) When using vehicle income shall be determined to the extent of actual use of vehicle in private purposes according to records of mileage in a way that mileage multiplies by 20 percent of the average price of petroleum products per kilometer.
- (3) When using a loan at an interest rate below the average annual interest rate given by banks, an income value shall be determined in the amount of difference between interests calculated by using average interest rate and contracted beneficial interest rate.
- (4) In the case of accommodation an income value shall be determined at market prices in the place of accommodation.
- (5) Data on incomes from benefits shall be registered at wage slip of an employee and other prescribed records that an employer is obliged to keep.

5. Receipts not deemed an employment income

Article 14

Receipts not deemed an employment income and that are not subject to tax shall be:

- 1) remunerations of an official travel expenses and remuneration for field work
 - a) remunerations of an official travel expenses shall include the following expenses: accommodation, meals, transportation and other expenses stipulated by the Decree on remuneration of official travel expenses (Official Gazette of the Federation of BiH, 44/16).

This remuneration shall not be deemed an untaxable income of a taxpayer if they are paid to a natural person with employee status at the payer and if they are determined at criteria and paid under requirements, on the manner and the most up to the amounts prescribed in accordance with the Decree on remunerations for official travel expenses. Pursuant to Article 10 paragraph (2) point 1) of the Income Tax Act untaxable amount of the remuneration for an official travel expenses determined by the Decree on remuneration for official travel expenses for budget beneficiaries shall be applied to the other taxpayer as well.

If official travel expenses from this point are paid to an employee in the amounts exceeding the prescribed, they shall be deemed taxable income of remuneration recipient from employment activity pursuant to Article 10 paragraph (2) of the Income Tax Act.

If aforementioned official travel expense are paid to a natural person without employee status at payer the shall be deemed incomes of remuneration recipient from other employment activities or remuneration under service contracts or authors fee.

b) remunerations for field work provided that work is performed outside of employment place and that it lasts longer than 30 days continually.

- 20 percent of the amount of prescribed daily allowance, if an employer provides accommodation and meals in the field,

- up to 70 percent of the amount of prescribed dialy allowance if only meals are provided in the field,

- up to the amount of prescribed daily allowance if only accommodation is provided in the field.

2) remunerations for other expenses to employees including the following:

a) remuneration for daily travel expenses on the work and from work in the amount of price of city, suburban and intercity transportation, and in the case of using its own car in accordance with internal acts in the amount of 15 percent of the price of 1 liter of fuel per kilometer on permitted route from the place of residence to work place and the most up to the amount of one and a half monthly public transportation ticket on permitted route,

b) remuneration for meals at work (meals) in the amount of 1 percent of average net salary paid in the Federation according to the latest published data of Federal Institute for Statistics,

c) accomodation and separate life remuneration of the persons from Article 11a of the Law on Civil Service in the Federation of Bosnia and Herzegovina, civil servants and employees under the conditions from Article 4 of the Decree on remunerations not deemed as salary (Official Gazette of the Federation of BiH, 63/10, 22/11, 66/11 and 51/12) in the amount of 250.00 BAM,

d) accommodation and separate life remuneration for members of the Government of the Federation and their advisers under conditions from Articles 2 and 3 of the Decree on remunerations belonging to a members of the Government of the Federation of Bosnia and Herzegovina and their advisors (Official Gazette of the Federation of BiH, 87/10, 22/11, 45/13 and 9/16) in the amount of 599 BAM per month for the accommodation expenses, in the amount of 300 BAM per month for separate life and in the amount of 299 BAM for accommodation expenses of the Government members and in the amount of 250 BAM per month for separate life, in the amount of 299 BAM per month for accommodation expenses and in the amount of 149 BAM per month for accommodation expenses for advisors.

e) vacation allowance in the amount of 50 percent of average net salary paid in the Federation in the last three months before the payment,

f) severance pay when retirement in the amount of six net salaries of an employee paid to him/her in the previous six months or six average net salaries in the Federation according to the latest statistical data, if that is more favourable to an employee.

g) severance pay in the case of termination of employment contract according to Article 10 paragraph (4) point 6) of the Act, shall not be subject to income tax if it is paid to an employee to the amount of 70 percent of average monthly salary in the previous three months before termination of the employment contract for each completed year of employment with employer – severance payer,

h) compensations for medical treatment expenses of severely ill employees and their immediate family members according to Article 24 paragraph (5) of the Income Tax Act in the amount of real expenses according to documentation,

i) compensation for funeral expenses in the case of the death of an employee or his/her immediate family members as well as in the case of the death of retired employee, in the amount of real funeral expenses and the most four average monthly salaries paid in the Federation for previous four months before the issuing the decision of compensation payment.

j) jubilee awards for a certain number of completed years of continuous employment with the same employee :

- for completed five years 0,5 of average monthly net salary
- for completed ten years1 of average monthly net salary
- for completed 15 years1,25 of average monthly net salary
- for completed 20 years... 1,50 of average monthly net salary
- for completed 25 years..... 1,75 of average monthly net salary
- for completed 30 years 2 of average monthly net salary
- for completed 35 years ... 2,50 of average monthly net salary

Base for determination of the amount of the jubilee award shall be an average salary earned in the Federation of BiH in the previous three months, in the moment of its payment, and according to the latest statistical data,

3) financial assistance for employees such as:

a) financial assistance in the case of:

- severe disability of an employee (at least 60 percent of disability),
- severe illness of an employee or his/her immediate family members, and
- surgical interventions on an employee for health reasons and at recommendation of a doctor, in a lump sum in the amount of three average salaries of an employee paid in the previous three months or in the amount of three net salaries in the Federation according to the latest statistical data if that is more favorable to an employee.

4) gifts according to Article 10 paragraph (4) point 5) of the Act, that employers give to an employee in the cash, goods, services or right, regarding state or religious holidays and/or jubilees of the company etc, shall not be a subject to calculation and payments of income tax if their total value on annual basis does not exceed the amount equal to 30 percent of average monthly salary published by the Federal Institute for Statistics for the month when the gift is given.

Article 15

Employment incomes shall not be deemed benefits provided by an employer to an employee and that are for the interest of activity, such as:

- 1) special workwear with an employer logo,
- 2) a special medical examinations under special regulations,
- 3) systematic medical examinations for all employees,
- 4) different forms of education and professional development related to the activity necessary to earn employers' income etc.
- 5) collective insurance premiums paid by an employer for his/her employees for the case of injuries at work and/or when travelling to and from work.

6. Determination and payment of an advance payment of tax on employment income

Article 16

(1) An advance payments of tax on employment income for employees-residents from Article 2 paragraphs (3) and (4) of the Act shall be calculated monthly by applying the rate from Article 9 of the Act to the tax base consisted of all taxable employment incomes earned by an employee at an employer in that month, reduced for calculated and paid compulsory contributions from base and for monthly amount of personal exemption determined according to provisions from Article 24 paragraphs (1) to (5) of the Act, according to determined personal exemption factor from a tax card of taxpayer if it is obtained from the Federal Tax Administration and submitted to an employer.

(2) When determining monthly advance payment of tax on employment income personal exemptions shall be determined according to tax card (form PK-1002) submitted to an employer by an employee when starting or during the employment. The amount of personal exemption shall be determined by multiplying the total factor of personal exemption from the tax card by monthly amount of basic personal exemption (300.00 BAM).

(3) Monthly advance payment of tax on employment income according to Article 27 paragraph (3) of the Act shall be calculated to all taxable employment incomes paid by an employer to an employee during one month at rate of 10% of base consisted of employment income earned by an employee in that month as a difference between paid employment incomes and calculated and paid expenses from Article 11 of the Act, reduced for the monthly amount of personal exemption determined as the product of personal exemption factor from employee's tax card and monthly amount of basic personal exemption. Exceptionally, if within the tax period in one month a salary is paid to an employee for two or more months from the same tax period, and for which individual salary calculations and individual specifications for each salary (form 2001) are made and submitted to the Tax Administration, the base for calculation of monthly advance payments of the tax for each individually paid salary may be reduced for corresponding monthly amount of personal exemption according to corresponding factor from a tax card.

When determining monthly advance payments of tax on employment income up to 12 monthly personal exemptions may be deducted within one tax period.

(4) An exception of paragraphs (1) and (2) of this Article the base for tax on employment income shall be determined as difference between taxable employment incomes and compulsory contributions from the base when determining an advance payment of tax on employment income without tax card.

(5) Personal exemptions that shall be recognized to a resident taxpayer according to tax card when determining base for calculation of advance payment of tax on employment income shall be:

- a) 300,00 BAM – basic personal exemption of a taxpayer
- b) 150,00 BAM – for dependent spouse,
- c) 150,00 BAM - for the first child,
- d) 210,00 BAM – for the second child,
- e) 270,00 BAM – for the third dependent child and any other dependent child
- f) 90,00 BAM – for any other dependent immediate family member,
- g) 90,00 BAM – for own disability and disability of any immediate family member dependent to a taxpayer.

(6) A dependent persons for the purpose of Article 24 paragraphs (3) and (5) of the Act shall be deemed a former spouse and children of divorced parents for whom one of parents – a taxpayer pays an alimony. Related to this, a taxpayer paying an alimony shall acquire the right to personal exemptions from paragraph (5) point b) for dependent spouse without own incomes or with them if they are lower than 300.00 BAM per month, or right to exemptions from point c), d) and/or e) for dependent children not living with him/her in a joint household.

(7) Pursuant to provision of Article 24 paragraph (3) of the Act child (children) of divorced parents shall not be deemed a dependent immediate family members of parents or a guardian he/she (they) lives with in a joint household.

(8) If the monthly alimony amount, including other possible own incomes of a child, is less than 300.00 BAM then in accordance with provisions of Article 24 paragraph (4) of the Act a personal exemption shall be equally allocated to the both parents supporting the child (children) unless they agree otherwise.

(9) An advance payment of tax on employment income for incomes earned in goods and services shall be calculated on market value of these benefits with calculated value added tax.

(10) An advance payment of tax for incomes earned by pupils and students through pupils and students associations shall be calculated on the difference of actually paid incomes and untaxable part determined according to Article 6 point 8) of the Act. If a monthly amount of incomes exceeding untaxable part of income is less than 250.00 BAM a tax shall be calculated in the manner referred to in Article 27 paragraph (5) of the Act, and if that amount exceeds the amount of 250.00 BAM, the tax shall be calculated on the difference exceeding the amount of 250.00 BAM tax shall be calculated on the manner determined in Article 27 paragraph (3) and/or (4) of the Act and in that case pupils and students may use their personal exemptions from Article 24 of the Act.

7. Determination of the base for calculation of an advance payment of tax on employment income for remunerations for work contracted in the amount not including compulsory contributions from the remuneration

Article 17

(1) In the case when an employer agrees with an employee an remuneration for work payment in the amount that is difference between gross remuneration and compulsory

contributions then an employer shall convert the contractual amount of remuneration in the gross amount according to Article 10 paragraph (1) of the Act. The gross amount of remuneration may be determined by multiplying the contractual amount of remuneration by coefficient of total rate of compulsory contributions from the salary:

total rate of compulsory contributions x 100

----- : 100 + 1 = coefficient

100 – total rate of contributions

(2) In the case that an employer pays salary to an employee in material goods and/or services instead in cash, according to Article 12 paragraph (2) and Article 16 paragraph (5) of this Rule book the market value of this goods and/or services with calculated VAT shall be deemed a net remuneration with calculated tax that must be converted in the gross amount using the coefficient from paragraph (1) of this Article for the purpose of determining base for calculation of an advance payment of income tax.

(3) Likewise, benefits deemed a employment income measured at market value shall be treated as net income of an employee that must be converted into gross amount using the coefficient from paragraph (1) of this Article for the purpose of determining base for calculation of an advance payment of income tax.

8. Tax card

8. 1. Tax card issuing

Article 18.

(1) A tax card (form PK-1002) shall be a record with data on total factor of personal exemption of a taxpayer – resident from Article 2 paragraphs (3) and (4) of the Act, that is a base for acquiring rights to basic personal exemption and deduction of tax base based on dependent immediate family members and/or potential disability of the members or a taxpayer himself/herself. The Tax Administration shall issue a tax card for free upon written documented request of a taxpayer.

(2) Employment income taxpayers (employees) shall already acquire right to deduction of a tax base based on tax card when determining and paying monthly advance payment of tax if they submitted their tax card to their employer or employment income payer.

(3) A natural person starting an employment with employer seated on the territory of the Federation, shall submit completed written request and corresponding relevant documentation on dependent immediate family members and/or disability that shall be a base for the Tax Administration to determine the total factor of personal exemption that is to be reported in the tax card, before starting an employment or immediately upon it in order to acquire right to personal exemption when determining base for calculation of advance payment of salary tax. Based on determined factor from submitted employee's tax card an employer shall deduct tax base for calculation of advance payment for income tax at each payment of taxable employment incomes for the amount of personal exemption calculated by multiplying the total factor from the tax card by monthly amount of personal exemption.

(4) An employer shall keep an employee's tax card until the termination of employment relation.

(5) An employee shall have only one tax card and if in the same time he/she has multiple employers, an employee shall choose an employer to whom the tax card will be submitted.

(6) In the case of alienation, loss, destruction or disappearance of a tax card, the competent Tax Administration shall issue a new tax card upon request of an employee provided that tax card shall be signed and verified that it is a duplicate of a tax card.

(7) When terminating an employment relation, an employer shall submit a tax card to an employee in order to submit it to a new employer, and keep its copy or verified transcription for his/her own needs or due to inspection supervision.

(8) Tax Administration shall upon knowledge declare an invalid tax card of natural persons who are:

a) deceased,

b) for the purpose of Article 2 paragraphs (3) and/or (4) of the Act ceased to be residents of the Federation,

c) sent to serve several years of imprisonment.

(9) If at or after the expiration of tax period resident from Article 2 paragraph (4) of the Act ceases an employment relation with employer seated in the territory of the Federation, that natural person shall lose resident status in the Federation and thus the right to further use of rights to personal exemptions based on tax card from the first day in the month following the termination of employment. An employer where an employee was employed with shall notice the Tax Administration on termination of employment within five (5) days following the termination of an employment in order to cancel the tax card. If a natural person who ceased an employment relation has started a new employment relation with other employer seated in the territory of the Federation then the taxpayer may notice competent organizational unit of the Tax Administration in order to extend validity of tax card or resumption to use rights to personal exemption and register data about new employer.

(10) A natural person who has a tax card and ceases permanently to earn taxable incomes may be reported, if he/she meets requirements from Article 24 paragraph (3) of the Act, as dependent person of the immediate family member he/she is with in a joint household. In that case a taxpayer – resident reporting the dependent person shall submit the original copy of the tax card of a person reporting as dependent when submitting Application for issuing a new tax card.

8.2. Content of the Application for issuing tax card and content of a tax card

Article 19

(1) The Application for issuing tax card to a resident of the Federation form Article 2 paragraphs (3) and (4) of the Act shall be submitted on the form PK-1001 that shall contain the following data:

1) data on a taxpayer,

2) data on a employer,

3) data on basic personal exemption of a taxpayer,

4) data on dependent spouse,

5) data on dependent children,

6) data on other dependent immediate family members, ,

7) data on dependent persons for whom taxpayer is paying an alimony,

8) data on dependent immediate family members with disability including a taxpayer,

- 9) data on the total coefficient (factor) of personal exemption and period of its validity,
- 10) statement of a taxpayer,
- 11) signature of a taxpayer (employee), signature of an authorized person at employer and date of submitting.

In the field 4) of the Application for issuing a taxcard („JMB“) the thirteen-digit number shall be entered for a resident taxpayer, and for a taxpayer-foreigner it shall be entered the number assigned by the Tax Administration after his/her registration. Also, in column a) („JMB“) in the section 4. to 8. of the Application thirteen-digit unique master number of dependent shall be entered, a for dependents-foreigners it shall be entered the number assigned by the Tax Administration after their registration.

(2) A tax card (form PK-1002) shall include the following data:

- 1) data on a taxpayer (name and surname, UMN, date of birth, residence adress etc.)
- 2) data on individual or total factor of personal exemption in accordance to Article 24 paragraphs (1) and (2) of the Act, as well as the sign of the month from which the total factor reported in a tax card is valid.
- 3) signature of an authorized Tax Administration officer, stamp and date of tax card issuing.

8.3. Entering data in tax card

Article 20

(1) The Tax Administration shall enter data in a tax card. When determining rights to personal exemptions the latest entered data shall be taken into account provided that previously reported data is in principle valid until the end of the month preceding the month to which the following reported data is valid.

(2) Determination of the factor of personal exemption and its entry in a tax card shall be done based on corresponding documentation (marriage certificate, birth certificate, proof of the amount of dependent's income, proof on disability, certificate on joint household etc.)

(3) Personal exemptions from Article 24 paragraph (2) of the Act shall be recognized to resident taxpayers from Article 2 paragraphs (3) and (4) of the Act only for dependent deemed a immediate family members for the purpose of Article 24 paragraphs (3) – (5) of the Act.

(4) When calculating personal exemptions for dependents the started month shall be recognized as a whole month for recognition of personal exemptions.

(5) A taxpayer shall notice the Tax Administration on changes in family status affecting decrease of the factor of personal exemption or increase of base for calculation of monthly advance payments of tax within 15 days following the change.

(6) An employer shall temporarily submit a tax card to an employee upon his/her request in order to enter changes of personal data and data on personal exemptions at the competent organizational unit of the Tax Administration.

(7) Tax Administration shall enter the changes from paragraph (5) of this Article based on submitted application, corresponding relevant documentation and previously issued tax card, in accordance with the following procedure:

1. the submitted application shall be processed electronically,

2. the entry of changes related to a new coefficient of personal exemption shall be entered in a new tax card,
3. competent organizational unit of the Tax Administration (office) shall reissue verified and signed tax card with all elements and periods of validity of personal exemptions, together with a new value of coefficient of personal exemption.
4. the tax card thus issued shall be treated as original submitted to an employer by employee in order to acquire right to deduct base in the calculation of income tax, and previous tax card shall be kept in the file of a taxpayer.
5. the same procedure in change of coefficient of personal exemption shall be applied for tax card holders in self-employment activities, as well as tax card holders without employee status provided that they shall keep a new tax card at their disposal.

(8) During the tax period and without notifying tax payer the Tax Administration may modify or reduce a personal exemption factor in the tax card or cancel it if it determines that personal exemption factor reported in the tax card is determined based on inaccurate or false data. The Tax Administration shall notify an employee and his/her employer on made correction of personal exemption factor without taxpayer's reporting and issue order to correct or calculate and pay of difference of less calculated monthly advance payments of income tax for paid employment incomes in the period from the occurrence of circumstances that resulted in decrease of personal exemption factor until the date of made correction in a tax card, with the obligation to calculate and pay default interests for that period.

(9) A taxpayer may notify the Tax Administration about changes of circumstances affecting increase of personal exemption factor or decrease of a base for calculation of advance payments of tax any time he/she wants, but in that case the new increased personal exemption factor may be applied only for determination of bases for calculation of a monthly advance payments of tax on salaries paid after reporting new circumstances.

9. Obligation of an employer in taxation procedure of employment income

9.1. Obligation of assessment, suspension and payments of tax

Article 21

(1) An employer and income payer obligated as an employer shall assess, suspend and pay an advance payment of tax on employment income on the prescribed account. When paying employment incomes in cash, tax payments shall be due with paying or income tax paying shall be done on the same day or the day following after made payment.

(2) When earning employment income in goods, income tax calculation and tax payment shall be due with taking goods or taking goods and income tax payment shall be done on the same day or the day following the assumption.

(3) Advance payment of tax on employment income and tax from other self-employment of members of the representative bodies of the government shall be done according to municipality of taxpayer's residence.

(4) If a taxpayer does not have residence in the Federation, advance payment of tax on employment income shall be done according to employer's residence.

(5) Taxpayers earning employment income from abroad shall calculate and pay advance payment of tax on employment income, in accordance with Article 27 paragraphs (8) and (9) of the Act, within five days following the date of income receipt. Within the same time

and on the same manner a taxpayer employed at diplomatic and/or consular representations or international organisations with diplomatic immunity shall calculate and pay tax on employment income.

Article 22

9.2. Responsibility of an employer and employee for assessment and payment of tax

(1) A subject and taxpayer of tax on employment income but also an employer as tax agent (and other entities deemed an employer for the purpose of this Rule book) shall be responsible for:

- tax obligated to calculate, suspend and pay on the prescribed account in accordance with provisions of Article 27 and 37 of the Act;
- proper keeping records prescribed by Article 28 paragraph 2 of the Act;
- submitting annual reports on taxable employment incomes (form GIP-1022) to a taxpayer – employee and the Tax Administration in accordance with Article 28 paragraph (3) of the Act;

(2) An employer and employee shall be deemed taxpayers as well as legal and natural entity deemed an employer for the purpose of this Act for smaller calculated and paid employment income amounts.

(3) If an employer did not suspend income tax in the full amount, the Tax Administration shall pay less suspended and paid tax in priority from an employer, and if carried procedure of enforced collection of debt amount could not be paid from employer, the Tax Administration shall pay directly from an employee.

(4) If the Tax Administration has paid from employer tax on employment income that he/she did not suspend from employee's salary, an employer shall have the right to refund from taxpayer-employee.

(5) An employer shall not be responsible if due to errors in tax card he/she has calculate, suspend and pay tax on employment income in the smaller amount.

(6) If an employer leaves employees to a third party with reimbursement a third party shall be responsible subsidiary for tax on employment income in the case that receivables could not be collected from an employer.

9.3. Obligation of keeping records on employment income

Article 23

(1) According to Article 28 paragraph (2) of the Act an employee shall record paid salaries and other taxable remunerations from employment relation on the form OLP-1021 – Salary Slip

(2) Persons obligated as employers for the purpose of this Rule book, including persons paying representative lump sum and other incomes from other employment activities from Article 12 paragraph (4) point 1) of the Act shall keep the Salary slip.

9.3. (1) Salary slip

Article 24

(1) The Salary slip shall be a record on payments of salaries and other taxable remunerations from employment activity that an employer or payer shall keep for each employee separately, end where data on each paid salary and/or taxable remuneration shall be entered as well as data on calculated and paid compulsory contributions from salary, tax bases and calculated and paid advance payment of income tax.

(2) Data based on analytical record of salaries and other attributed documentation (pay-roll, cashbook, account statements, order for payment etc) shall be entered in a salary slip no later than within 15 days upon end of the month when payments of salaries and other remunerations from employment activities are made. Data on paid receipts, determined bases and calculated and suspended amounts of compulsory contributions and taxes shall be compatible with data reported in pay-rolls that an employer or payer of salary and other receipts shall submit to an employer in accordance with Article 11 paragraph (2) of the Insurance Contributions Act (Official Gazette of the Federation of BiH, 35/98, 54/00, 16/01, 37/01, 1/02, 17/06 and 14/08)

(3) If there are more salary payments during one month each payment shall be entered in the form chronologically, and upon the end of month all individual amounts shall be cumulated and entered in the form.

(4) Data on calculated and paid compulsory contributions from salary shall not be entered in the pay-roll if a salary was not paid for that month to an employee. Entry of data on paid compulsory contributions shall be done in the month when salary is paid.

(5) If an employee has worked with two or more employers during the same tax period, each employer was obligated to keep payroll separately on the special form OLP-1021 for the period when an employee was employed with him/her.

Article 25

Salary slip – form OLP-1021 shall consist of three parts:

1) Data on an employer – payer of salaries and other personal receipts (name of a legal entity or name and surname of natural person-employer, address and seat or residence, identification number of an employer or payer and name and address of organizational unit of the Tax Administration according to employee's residence),

2) Data on a taxpayer – employee (surname and name, residence address, UMN and address of organizational unit of the Tax Administration according to the seat of an employer),

3) Data on paid salaries and other taxable remunerations, calculated, suspended and paid contributions from the base and calculated, suspended and paid advance payment of tax.

Article 26

(1) An employer shall conclude a pay-roll upon expiration of the calendar year or within tax period if the employment relation terminates.

(2) An employer shall keep salary slips in accordance with legal deadlines, and at least five (5) years following the date of pay-roll conclusion.

(3) A salary slip may be filled in by hand or by computer. Entered data shall not be deleted or corrected. If mistake is made during the entry it shall be strikethrough and verified by signature and stamp of responsible person.

9.3. (1)a. Monthly report on paid salaries, realized benefits and other taxable incomes of employment, paid contributions and advance payment of income tax

Article 26a

(1) In accordance with Article 28 paragraph (2) of the Act an employer or person obligated as employer shall submit data on paid monthly salaries and other taxable incomes employment activity as well as data on calculated compulsory contributions from the base and on the base and calculated and paid monthly advance payment of tax on employment income to the Tax Administration on the Form MIP-1023 “Monthly report on paid salaries, realized benefits and other taxable incomes from employment, paid contributions and advance payment of income tax.”

(2) Monthly report referred to in paragraph (1) of this Rule book shall be submitted by an employer to the competent organizational unit of the Tax Administration according to seat of an employer or payer by the 15th of the month for the previous month.

(3) An employer shall provide data from paragraph (1) of this Rule book from the register of paid salaries and other taxable remunerations based on employment relation (Form OLP-1021) that shall keep individually for each employee in accordance with regulations of Article 23 to 26 of this Rule book.

(4) Data reported in the form MIP-1023 shall refer to liabilities for contributions prescribed by Article 4 of the Insurance Contribution Act and monthly advance payment of tax on employment income, calculated and paid on employment incomes from Article 10 paragraphs (1), (2) and (3) of the Income Tax Act, earned in the period (month and year) specified in the field “Tax period” at the header of the form.

(5) Employers who have more than five employees shall submit data from form MIP-1023 in electronical form on the media or online to the Tax Administration.

(6) The Form MIP-1023 shall include the following data:

- 1) data on an employer – payer of salaries and other taxable incomes from employment;
- 2) data on paid salaries and other taxable remunerations, calculated, suspended and paid contributions from the base, personal exemption factor, tax base, calculated and paid amount of a monthly advance payment of income tax individually for each employee.
- 3) data on paid contributions at the expense of an employer.

9.3.(1)b. Individual monthly report on paid salaries, calculated and paid contributions and tax on employment income

Article 26b

1) The form PMIP-1024 “Individual monthly report on paid salaries, calculated and paid contributions and tax on employment income“ shall be used for the reporting of the Tax Administration on made individual payments, surcharges and/or corrections of data reported in the montly report already submitted or that is to be submitted by an employer to the Tax Administration (form MIP-1023) and that are referred to only one employee.

2) It shall be provided through form PMIP-1024 to change data for existing employee, add for a new employee or erasure of data for existing employee for already submitted reports MIP-1023.

3) In the case of retirement of an employee an employer may submit to the Tax Administration through form PMIP-1024 data on paid contributions only for that employee before submitting the form MIP-1023 and an employer shall include that data in the monthly report (form MIP-1023) that is to be submitted subsequently to the Tax Administration. For this purpose the value of the field 4) shall be used. Operation from the part 1 of the form PMIP-1024 is signed as "Report of an employee before submitting complete MIP-1023 report"

4) It shall be provided through the form PMIP-1024 to report contribution payment for an individual employee for one tax period (month/year) according to codebook of the contribution payment type specified in paragraph (12) of this Article.

5) If an employer has opportunity to correct or change data on paid contributions and tax for more employees, it is necessary

to make and submit more forms PMIP-1024 to the Tax Administration i.e. for each employee individually.

6) Changed and/or updated data on paid incomes, calculated and paid contributions and tax on employment income for individual employees related to period for which the form MIP-1023 is already submitted to the Tax Administration by an employer may be submitted subsequently to the Tax Administration through the form PMIP-1024.

7) The PMIP-1024 form shall be compiled according to "Guidance for filling in and submitting individual monthly report" that is integral part of the form PMIP-1024.

8) Filling in the tax period from header of the PMIP-1024 form, as well as the first three fields in the part 1 of the same shall be done on the same manner as in MIP-1023 form.

9) Filling in the part 1 – field 4) „Operation“ shall be made on the manner to choose only one given value from the form PMIP-1024 and in accordance with paragraphs (2), (3) and (4) of this Article.

10) Filling in the part 1 – field 5) „Type of contribution payments“ shall be done just in case when in the previous field 4) „Operation“ option "Application of the contribution payment" was chosen. If this precondition is fulfilled then one of the values from the codebook of contribution payment types specified in paragraph (12) of this Article shall be chosen.

11) Filling in the part 2 and part 3 of the PMIP-1024 form shall stay unchanged in accordance with Article 7 of this Rule book provided that the part 3 – "Contributions at the expense of an employer" is referred to the employee mentioned in the part 2 of the PMIP-1024 form.

12) Contribution payment types shall be signed with the following codes:

1) calculation and payment of contribution under special decisions of the Government of the Federation of BiH;

2) calculation and payment of contributions (with or without salary payment) under judicial decisions;

3) calculation and payment of contributions based on the record of the Tax Administration inspector and issued decision based on order for liabilities payment;

4) calculation and payment of contributions under agreements that an employer has signed with the Tax Administration or some other competent extrabudgetary fund;

5) other cases.

13) For aforementioned codes of contribution payment types from the part 1 of the form PMIP-1024, filling the field 2) "Type of payment" is not relevant.

9.3. (2) Report on annual withhold of tax on employment income

Article 27.

(1) Upon expiration of the tax period or in the case of termination of employment relation an employer shall submit report on made tax deductions to an employer or the Tax Administration on the form GIP-1022 – Annual report on total paid salaries and other personal receipts.

(2) The form GIP-1022 shall contain the following:

1) data on employer - payer

2) data on employee - taxpayer

3) data on paid incomes, calculated contributions from the salary, personal exemptions, tax bases and calculated, suspended and paid income tax for each month individually and in total for the whole tax period.

4) data on net amounts of salary/remuneration paid to an employee for each month individually and in total for the whole tax period.

5) verification of an employer – payer of income.

(3) The form GIP-1022 shall contain data on monthly incomes paid to an employee and for which contributions are paid from the base and advance payment of tax on employment income. Data on paid contributions calculated on the salary not paid shall not be entered in this form. When it comes to the salary payment then all requested data shall be entered in the form from the calculation including also data on calculated and paid amount of an advance payment of tax and data on previously paid contributions from the base.

(4) In the column 1) of the form shall be entered chronologically sign of the month and year of income payment that data on calculated and paid contributions and advance payment of tax refer to, and in the column 2) sign of month and year paid contributions refer to.

(5) The each row of the form GIP-1022 shall refer to summed data on taxable incomes from employment paid during one month, and this data shall be registered and cumulated from salary slips (form OLP-1021) that an employer shall keep for each employee individually during the tax period.

(6) Monthly summed data on paid incomes, calculated and paid contributions from the base and advance payment of tax on employment income that are entered in the GIP-1022 shall be compatible with the amount of total monthly specifications submitted to the Tax Administration and summed data from monthly reports. (form MIP-1023).

10. Tax on self-employment income of members of representative bodies of the government that shall be taxed as employment income

Article 28

(1) Income of members of representative bodies of the government from the activities from Article 12 paragraph (2) point 4) of the Act shall be taxed on the manner and at procedure as employment income.

(2) Payer of the income from paragraph (1) of this Article, for the purpose of provisions of the Act, shall be an employer.

(3) Payer of income from self-employment activities of members of the representative bodies of the government shall calculate, suspend and pay an advance tax payment by each income payment.

10.1. Tax base

Article 29

(1) Tax base for calculation of the monthly advance payment of tax on self-employment income of member of the representative bodies of the government shall be consisted of all incomes from activities earned during the month reduced for compulsory contribution for the basic health care at the expense of an insured.

(2) When calculating monthly advance payment of tax on self-employment income of member of the representative bodies of the government who submitted a tax card to a payer a tax base shall be consisted of all incomes from activities earned during the month reduced for compulsory contributions for basic health care insurance at the expense of insured and for personal exemption determined based on factor reported in the tax card.

10.2. Obligations of a payer

Article 30

Payer of self-employment income of member of the representative bodies of the government shall keep salary slip – the form OLP-1021 for each taxpayer, and upon expiration of the year and not later than by the end of the February of the current year shall submit to each employee one copy of the annual report on total paid salaries and other personal receipts on the (form GIP-1022).

(2) Employers and other payers of taxable incomes from other self-employment activities from Article 12 paragraph (4) points 2) and 3) of the Act shall made total annual review with data on gross and net amounts of remunerations for each natural person to whom in the previous period remunerations from service contract and copyright fees are paid, as well as with data on calculated, suspended and paid advance payment of tax and contributions for health care insurance and shall submit it to the each remuneration recipient not later than by 28 February of the current year.

IV. DETERMINATION OF SELF-EMPLOYMENT INCOME

1. General characteristics of self-employment activity

Article 31

(1) For the purpose of Article 12 paragraphs (2), (3) and (4) points 2) and 3) of the Act self-employment shall be deemed an activity performed individually, permanently and with

the intention of earning an income, except other self-employment activities from Article 12 paragraph (4) point 3) that could be performed occasionally.

(2) Independence in performing activity shall mean that natural person performs activity for his/her own account and his/her own responsibility. Important characteristics of self-employment activity shall be: equity investment, business risk, free decision on time, place and manner of performing an activity, work for multiple users, performing activities personally or through an employee.

(3) Permanent activity performance shall suppose an intention to repeat activity performance in order to make income and it shall be characterized by activity performance in longer period of time, not in one-time, in order to make permanent income source.

(4) Characteristic of permanence shall also be at multiple sale of property and property rights if more than three properties or property rights of the same type are alienated within five years, and this kind earned income shall be taxed as income from Article 12 paragraph (2) point 1) of the Act. If the tax on property and property rights is paid on income from alienation, and subsequently are met conditions for taxation of the income as income from craft, paid tax on income from property shall be calculated as paid advance payment.

(5) The intention of earning income shall be when based on activity type and its manner of performance it can be concluded that the activity shall be performed permanently in order to earn an income.

2. Types of self-employment activities

Article 32

(1) Beside activities that shall be referred as craft for the purpose of Article 2 of the Law on craft and craft related activities (Official Gazette of the Federation of BiH, 35/09 and 42/11), for the purpose of the Law, other activities regulated by special regulations (trade, transportation, touristic, broking when leasing or sub-leasing goods and rights etc.) shall be deemed craft.

(2) Agricultural and forestry activities shall be activities of using natural resources of the land and sale or change of unprocessed products arising from these activities. The agricultural and forestry activity shall include wine growing, vegetable growing and all other activities in producing plants, as well as breeding and keeping cattle as secondary activity in the agriculture.

(3) Activities of free professions shall be independent performance of scientific, artistic, teaching, educational activity, health care workers activities, physiotherapist, veterinarians, lawyers, public notaries, engineers, architects, translators, journalists, reporters-photographers, translators, interpreters etc.

(4) Activity of members of the representative bodies of the government at state, entity, cantonal and local level, activity of members of assembly and supervisory boards of business organisations, governing councils and corresponding bodies, trustee in bankruptcy as well as income from other occasional activities shall be deemed other self-employment activities for the purpose of Article 12 paragraph (4) points 1), 2) and 3) of the Act. Occasional self-employment activity shall be an activity not performed within employment activity, and performed irregularly in longer interruptions or in short-term.

3. Determination of income from craft activities and craft related activities

3.1. Operational incomes

Article 33

- 1) Operational incomes shall be deemed incomes from alienation and liquidation of activity (activity, craft or other type of self-employment activity) as well as non-current asset alienation.
- 2) Operational income shall be any values a taxpayer exempts from an activity, craft or other form of self-employment activity for his/her own needs or other needs not related to activity performance. Non-cash exemptions shall be evaluated at market value.
- 3) Operational incomes shall be inventory shortages (due to evaporation, damage, breakage) exceeding amounts determined by the Act of the Federal Chamber of Commerce.

3.2. Operational expenses

Article 34

- 1) Expenses for non-current asset purchase (land) that can be deducted as expense only in the tax period when the alienation and/or exemption of that asset and/or liquidation of activity incurred shall be deemed an operational expenses.
- 2) Any private asset that a taxpayer enters into activity and which do not result from activity performance shall be deemed an operational expenses. The investment of working asset shall be evaluated at purchase values and non-current asset investment shall be evaluated at market value.
- 3) Paid compulsory contributions of an entrepreneur from Article 5 paragraph (3) indents 2,3 and 4 of the Law on contribution (Official Gazette of the Federation of BiH, 35/98, 54/00, 16/01, 37/01, 1/02, 17/06 and 14/08) shall be deemed an operational expenses.
- 4) Gross salaries of employees paid in the tax period, as well as paid compulsory contributions on the base on expense of an entrepreneur – employer paid at the rates from Article 10 paragraph 1 point 2 of the Insurance Contributions Act shall be deemed an operational expenses.
- 5) Only expenses for which there is a proper documentation and that are directly related to income earning shall be recognized as operational expenses. When determining relation between incomes and expenses it shall start from appropriate standards (e.g. consumption of material, energy etc.) taking into account specificity of the activity.
- 6) When determining taxable income from craft activity and craft related activities operational expenses shall be determined, in accordance with Article 7 paragraph (3) of the Act, on the cash basis which means that when determining operational expenses for one tax period operational expenses determined by provisions of Article 15 paragraphs (1), (2) and (3) actually incurred and paid in that tax period may be taken into account.

3.3. Depreciation of non-current asset

3.3. (1) The highest depreciation rates

Article 35

(1) The highest depreciation rates from Article 16 paragraph (1) of the Act recognized as deductible expenses, shall be by groups the following:

1. Buildings 10 %, except:

1.1. administrative, office and other buildings for service activity performance 3.0%,

1.2. apartment buildings, hotels, restaurants 5.0%,

1.3. roads, utility facilities, the upper railway line 14.3%.

2. Equipment, vehicles and mechanisation 20%, except

2.1. equipment for waterpower engineering, water supply and sewage 14.3%

2.2. environmental protection equipment 33.3%

3. Multi-annual planting 14.3%

4. Basic herd 40.0%

5. Intangible current asset 20.0%

(2) Once depreciated asset shall not be included again in depreciation calculation not even if they are still in use, except for subsequent investments in this asset.

3.3. (2) Recognition of depreciation

Article 36

(1) Goods and rights used for income earning which individual purchase value exceeds 1.000,00 BAM shall be entered in the list of current asset. The list of current asset shall be used for determination of operational costs from depreciation of current assets.

(2) Tax recognition of depreciation of fixed assets shall begin on the first day of the month following the month when fixed asset is put in use.

(3) Depreciation for sold, destroyed, scrapped or otherwise alienated fixed asset shall be recognized by the end of the month when the fixed assets were in use.

(4) The non-written portion of the value and other expenses from alienation of fixed assets from paragraph (2) of this Article shall be fully recognized as deductible expenses.

Article 37

(1) The value of fixed assets with individual purchase value less than 1.000,00 BAM shall be fully deducted from income tax base in the year of its purchase and putting in use.

(2) The value of computer equipment (hardware and software) shall be fully deducted from income tax base in the year of purchase and putting in use.

3.3. (3) Accelerated depreciation

Article 38

(1) Accelerated depreciation shall be permitted for the following fixed assets:

- assets for preventing air, water and land pollution,

- noise suppressor.

(2) Except for fixed assets from paragraph (1) of this Article, use of increased depreciation rates (accelerated depreciation) shall be permitted also in the case of use of fixed assets at a greater intensity than intensity that corresponds to one shift activity.

(3) Increased rates for the purpose of paragraph (1) of this Article shall be determined on the manner as to increase rates from Article 35 of this Rule book by 50%.

3.4. Determination of income in the case of activity alienation

Article 39

In the case of alienation (sale) of self-employment activity, natural person who alienated and continued with the activity shall determine his/her own income for the corresponding period shorter than tax period, provided that person who alienated activity shall be a taxpayer upon the last day of the month when alienation occurred, and fiduciary is a taxpayer starting from the first day of the following month when the alienation occurred.

3.5. Determination of income in case of activity termination

Article 40

(1) In the case of liquidation of craft, free profession and other self-employment activities, a taxpayer shall determine income on the manner that operational incomes shall comprise the following:

- the market value of current assets;
- the market value of inventories of products, reproductive material and other material;
- non-collected receivables.

(2) Operational expenses shall comprise the following:

- book value of the current asset in the moment of liquidation;
- unpaid payables and other unpaid liabilities related to activities;
- other expenses related to liquidation.

(3) A taxpayer shall also determine operational revenues and expenses on the manner from paragraph (1) of this Article in the case of transition to a lump-sum tax determination.

3.6. Determination of base for taxation of incomes earned from self-employment activities without approval of competent authority (illegal work)

Article 41

Incomes earned from unregistered self-employment activities ie. without approval of competent authority shall be taxed according to provisions of the Act provided that tax base shall be comprised of total earned income or when determining base expenses occurred at natural person who generates that incomes shall not be deducted.

3.7. Business books and records

Article 42

(1) To taxpayers performing self-employment activity from Article 12 paragraph (2) points 1), 2) and 3) of the Act income shall be determined based on business books and other records prescribed by Article 19 of the Act.

(2) Exceptionally from paragraph (1) of this Article, a taxpayer from Article 12 paragraph (2) point 3) of the Act, performing activity in accordance with Article 12 paragraph (4) and determining operational expenses at the percentage in accordance with Article 15 points (4) and (5) of the Act, and taxpayers paying tax on income from self-employment in a lump-sum, shall not determine income based on business books.

(3) Business books and records from paragraph (1) of this Article shall be the:

- 1) Incomes and Expenses Book (form KPR -1041),
- 2) Turnover Book (form KP-1042),
- 3) List of current assets (form PLDI -1043),
- 4) Records on receivables and liabilities (form EPO -1044).

(4) Incomes and expenses book (KPR-1041) and Turnover book (KP-1042) shall be kept in written form and according to Article 42 paragraph (3) of the Act and they shall be verified by the Tax Administration before their use.

(5) Records from paragraph (3) and (4) of this Article shall not be verified by the Tax Administration and may be kept in e-form.

(6) Taxpayers paying tax on income from self-employment in a lump-sum shall not keep business books, except taxpayers from Article 50 paragraph (3) of this Rule book who shall keep Turnover book (form KP-1042).

Article 43

(1) Business books shall be kept neat, accurate and up-to-date.

(2) Business books shall be kept separately for each tax period.

(3) Upon expiration of the year a taxpayer shall conclude and sign business books.

(4) If a taxpayer performs more self-employment activities, he/she shall keep business books and records for each self-employment activity separately.

(5) Business books and records, including accompanying computer records and documentation that are base for entry shall be kept for a period of five years from the day of submitting tax return made on the basis of this business books.

Article 44

(1) For each sale or performed service a taxpayer shall issue an invoice that must contain at least the following data:

- data on invoice issuer (title of the store, data on owner or holder of joint activity)
- data on separated business premise(s) (if the turnover is done through this premises),
- date of invoice issuing,
- name of the good or service,
- unit price and total amount of the invoice.

(2) Invoice shall be issued at least in two copies provided that one copy is to the customer and other is used for entry in business books.

(3) Income taxpayers performing self-employment activity and paying turnover of goods and services in cash in retail transactions of tobacco, tobacco products, dialy press, lottery and sports forecast in kiosks, when selling goods and services on the markets and other open spaces, shall not issue invoices. These taxpayers shall made document for recording data on total daily turnover in business books in the form of daily report containing data on total daily turnover with VAT and without VAT.

(4) Places registered at competent authority as places for goods and service sale to the final consumers shall be deemed markets and open spaces for the purpose of this Rule book. Sale of the public transport tickets, ticket sale and other products by machine shall be deemed a sale at open space.

3.7. (1) Incomes and expenses books

Article 45

(1) Income and expenses book (form KPR-1041) shall be a record on dialy and total operational incomes and expenses in the tax period.

(2) In the incomes and expenses book the following general data on taxpayer shall be entered:

name and surname of taxpayer or holder of joint activity, title of the store, unique identification number (statistical or unique master citizen number – UMCN), address.

(3) The following data shall be entered in the income and expense book:

- columns 1 to 6 general data,
- column 7 - number of change,
- column 8 – date of business change (earning income or expense),
- column 9 – number of document or order for entry
- column 10 – description of the document for entry (account, account receipt, exception and investment record, calculation etc.) on the basis of which an entry order is made,
- column 11 - amount of incomes paid in cash or cheques. If is subsequently determined that received cheque is not payable, correction (reversal) of reported incomes shall be done
- column 12 – amount of incomes paid through account,
- column 13 – amount of incomes paid in goods, services or in other way in accordance with the Act,
- column 14 – value added tax contained in incomes of registered VAT taxpayer, paid fees and received goods and services,
- column 15 – total income – sum of the amounts from columns 11, 12 and 13 reduced for the amount of value added tax,
- column 16 – amount of expenses related to purchase of goods/materials,
- column 17 – amount paid for the gross salaries of employees,
- column 18 – amount that an entrepreneur paid for his/her compulsory contributions and for paid salaries of his/her employees,

- column 19 – amount of other deductible expenses made in goods, service, investments and other expenses in accordance with the Act,

- column 20 – value added tax included in expenses – of registered VAT taxpayer paid in cash, goods and/or services,

- column 21 – total deductible expenses – the sum of the amounts from column 16,17,18 and 19 reduced by the amount of value added tax included in expenses from column 16.

(4) Taxpayer shall provide data on daily cash turnover in the incomes and expense book.

(5) Exceptionally, taxpayers performing self-employment activity, and keeping record on daily cash turnover according to the regulations on value added tax, may in column 11 of the income and expense book enter cash turnover in one amount for the whole calculating period, within the deadlines prescribed for determination of VAT liability.

(6) Data on total incomes with paid value added tax shall be entered in the columns 11,12 and 13, and data on total deductible expenses including paid value added tax shall be entered in columns 16,17,18 and 19.

(7) Entry of data in income and expense book shall be done not later than by 15th in the month for the previous month. VAT taxpayers shall enter data in the income and expense book within the deadline prescribed for payment of value added tax.

(8) A taxpayer shall keep one income and expense books regardless of the number of separated business premises.

(9) One income and expense book shall be kept for joint activity regardless of number of separated business premises and co-entrepreneurs.

(10) At the end of tax period (calendar year) incomes and expenses shall be cumulated. Operational incomes and expenses according to Article 33 and 34 of this Rule book shall be added to the determined amounts of total incomes and deductible expenses in the case of alienation or liquidation. Expenses of write-off of current asset determined in accordance with Article 35 to 37 of this Rule book shall be added to to this kind determined expenses in order to determine total operational expenses

(11) Exceptionally from provision of Article 74, starting from 1 January 2010, in the column 16 of the income and expense book (KPR-1041) it shall not be transferred and reported as the initial state nor purchase or sale values of goods, materials and raw materials, as well as materials and raw materials included in final products, determined by the regulation of the last day of previous tax period.

Article 46

3.7. (2) Turnover book

(1) Taxpayers who sell retail goods and provide services to citizens at more selling places, shall, beside income and expense book, keep turnover book (form KP-1042) for each selling place, store etc., unless the data on daily cash turnover for each that kind of place are provided by other records prescribed by special laws.

(2) Data on earned daily income paid in cash or cheques shall be entered in the turnover book at the end of work day, and not later than by the beginning of the next work day.

(3) In the turnover book shall be entered the general data on taxpayer (name and surname of a taxpayer or holder of joint activity, name of the store, unique identification number or unique master citizen number – UMCN, address, data on separated business premises and the following data:

- columns 1 to 7 – general data,
- column 8 – number,
- column 9 – date of earning cash income,
- column 10 – number of document or order for entry,
- column 11 – description of the document on incomes in cash (account, account receipt, cheques list, total daily turnover from cash register etc.)
- column 12 – amount paid in cash and/or cheques,
- column 13 – incomes paid in non-cash based on issued invoice,
- column 14 – sum of amounts from columns 12 and 13.

(4) The amount from column 14 shall be cumulated with the amounts of daily turnover generated on the same day in other separated business premise(s) or seat of entrepreneur and cumulated amount shall be entered in the column 11 of the income and expense book.

3.7. (3) List of current asset

Article 47

(1) A taxpayer shall do a list and make list of current asset at the beginning of self-employment activity performance and keep it during the whole time of activity.

(2) The List of current asset shall be used for determination of operational expenses based on write-off (depreciation) of current asset.

(3) The List of current asset shall be done on the form PLDI-1043 containing the following data:

1) columns 1 to 3 – data on taxpayer or holder of joint activity (unique master number – UMN, surname and name of a taxpayer or holder of joint activity and residence address),

2) columns 4 to 7 – data on registered activity (unique identification number – UIN, name under which the activity is registered, address of the seat of activity and sign of basic activity of a taxpayer),

3) data on current asset (column 8 to 17) including:

- column 8 – number for each individually purchased or entered good or right. If it is about transfer of goods and services from the previous lists numbers shall be entered based on new list,

- column 9 – name of goods and rights,

- column 10 – date, month and year of purchase or entry of goods and/or rights,

- column 11 – number of document,

- column 12 – purchase value or production costs of goods or rights.

Exceptionally, in the case of entry without relevant document on purchase an estimated market value shall be entered, and that is to be recorded with elements on the basis of which an estimation is made.

- column 13 – book value of goods or rights transferred from the column 17 of the list of current asset from the previous year. For the goods and rights purchased during the year the purchase value shall be entered from the column 12.
- column 14 – lifetime of a current asset where the asset is grouped according to group from Article 35 of this Rule book,
- column 15 – depreciation rate of the goods or rights up to the highest depreciation rate determined by Article 35 of this Rule book,
- column 16 – sum of write-off (depreciation) of goods or rights calculated on the manner to multiply purchase value from the column 12 by depreciation rate from the column 15 and divide it by 100, or the sum of one-off write-off in the year of purchase of equipment and business premise that is equal to the amount reported in the column 12, or the sum of accelerated partial write-off only in the year of purchase of equipment and business premise, as a part of the amount reported in the column 12.

For the goods and services purchased or alienated during the year, and write-off is done by using rates prescribed in Article 35 of this Rule book, the amount of write-off shall be recognized in the proportion of the number of months of use, and it shall be calculated as follows:

amount from column 12 x rate from column 15 x number of months of use

12

As the first month of use it shall take the month following the months when the good or right is put in use. As the last month of use it shall take the month when the alienation occurred.

- column 17 – book value of the **good** or right at the end of the calendar year or the month of alienation or destruction, that is calculated as to reduce from the book value from the column 13 the amount of write-off from column 16.

(4) The List of current asset shall be made for each calendar year and concluded with the balance on 31 December of the current year. Concluded balance from column 17 for each good individually shall be rewrite as initial balance in the column 13 of the List of current asset for the next year.

3.7. (4) Record of receivables and liabilities

Article 48

- (1) Receivables based on the delivery of the goods and services, and receivables from equity based on self-employment activity shall be reported in the List of receivables.
- (2) Liabilities based from delivery of goods and services, and liabilities from equity shall be reported in the List of liabilities. Monthly account receipt on taking and repaying the loan shall be Lists of liabilities at bank loans.
- (3) All receivables of tax period shall be reported in the list of receivables no later than 30 days upon expiration of the tax period.
- (4) Record of receivables and liabilities shall be kept on the form EPO-1044 containing data on taxpayer (name and surname of a taxpayer or holder of joint activity, residence address, name and address of the seat of the activity, unique identification number or unique master citizen number – UMCN, address as well as the following:

- columns 1 to 6 –general data,
- column 7 – number,
- column 8 – name of buyer or supplier,
- column 9 to 13 – review of issued invoices (number of invoice, date of issuing and amount of invoice in BAM, date and amount of invoice payment),
- columns 14 to 18- review of received invoices (number of invoice, date of reception and amount for payment, date and amount of payment),
- column 19 – the number under which the invoice is registered in the Income and Expense Book.

4. Determination and payment of tax on income from craft activity and craft related in a lump-sum

Article 49

(1) It shall be approved to pay a lump-sum of income tax under conditions determined by Article 31 of the Act to taxpayers performing self-employment activities of craft and craft related activities, if they meet the following criteria:

1. if they perform craft and craft related activities by themselves without employees and if the activity is based on the skills rather than means for performance of activities – home made,
2. if they perform old and traditional crafts as determined by Decree on protection of traditional and old crafts (Official Gazette of the Federation of BiH, 66/02) by themselves or with maximum of two employees.
3. if they carry out transportation activities with only one transportation vehicle with capacity up to eight (8) tonnes.
4. if they perform activities from the field of agriculture and forestry as basic profession based on Decision of the competent authority and are not registered taxpayers of value added tax.

(2) Taxpayers performing activities from paragraph (1) points 1) and 2) of this Article under mentioned conditions and want to pay income tax in a lump-sum shall submit to the competent organizational unit of the Tax Administration the application for determination of monthly lump-sum (form ZMP-1055) together with proof on meeting prescribed criteria. The Tax Administration shall notify an applicant within 15 days following the submission of application, according to Article 7 paragraph (1) indent 9 of the Tax Administration Act of the Federation of BiH (Official Gazette of the Federation of BiH 33/02 and 28/04) whether he/she may pay income tax in a lump-sum or according to provisions of Article 19 of the Act.

(3) Taxpayers who perform activities under conditions from paragraph (1) point 3) of this Article may without submitting application pay advance payment of tax on self-employment income in monthly amounts determined by Article 50 of this Rule book.

Article 50

(1) Taxpayers approved to pay income tax in a lump-sum shall pay income tax in the following monthly amounts:

1. taxpayers performing craft activities and craft related activities, by themselves without employing other persons 70.00 BAM
 2. taxpayers performing old and traditional crafts 30.00 BAM
 3. taxpayers performing transportation of passengers with only one transportation vehicle 50.00 BAM
 4. taxpayers performing transportation of carriage with only one transportation vehicle with capacity of 8 tonnes 80.00 BAM
- (2) Taxpayers from paragraph (1) shall pay determined monthly tax amounts by the 15th of the month for the previous month.
- (3) Taxpayers approved to pay income tax in a lump-sum, and who except cash turnover generate occasionally non-cash turnover with legal entities, shall beside a monthly lump-sum pay also withhold tax of 10 percent of each individual amount of turnover with legal entities paid in non-cash. Deducted and paid tax on turnover realized with legal entities shall be deemed a final tax liability.
- (4) Taxpayers who are paying tax on income from self-employment in a lump-sum shall not keep business books prescribed by Article 19 paragraph (2) of the Act, except taxpayers from paragraph (3) of this Article who shall keep Turnover book (form KP-1042) and register in it all non-cash turnover realized with legal entities.

4a. Determination and payment of tax on income from self-employment activity from Article 12 paragraph (2) points 1), 2) and 3) of the Act.

Article 50a

Taxpayers performing self-employment activities from Article 12 paragraph (2) points 1), 2) and 3) of the Act and determining tax based on data from business books and records required to be kept by Article 19 of the Act, shall determine and pay monthly amount of advance payment of income tax during the tax period based on provisions of Article 29 of the Act and provisions from Article 70a paragraph (1) of this Rule book.

Based on written application of a taxpayer submitted to the Tax Administration and submitted corresponding documentation, monthly amount of advance payment can be cancelled or modified during the tax period if justified grounds for cancellation or modification can be seen from submitted documentation, such as:

- a significant increase and/or decrease of operational incomes and/or revenues in relation to the same period of the previous year;
- termination (withdrawal) of activity before expiration of the tax period;
- during the tax period a taxpayer ceased to perform one, and started to perform another activity;
- due to natural disasters business of a taxpayer is jeopardized (floods, earthquakes, fires, landslides on the place of activity etc) because of loss or significant damage of business premise and/or equipment for activity performance.

The competent organisational unit of the Tax Administration shall issue decision on cancellation or modification of the monthly advance payment to a taxpayer no longer than 8 days following the submission of application.

5. Determination of income from agricultural activities and forestry

Article 51

Income from agricultural and forestry activities that have characteristics of self-employment activity shall be taxed as craft activities and craft related activities.

6. Determination of income from other self-employment activities

Article 52

(1) Income from other self-employment activities from Article 12 paragraph (4) point 2) of the Act shall be determined in the amount of realized incomes, and income from Article 12 paragraph (4) point 3) of the Act shall be determined as difference between realized incomes and expenses determined by Article 15 paragraphs (4) and (5) of the Act.

(2) Incomes realized as fees for use, or for the right to use any copyright to a literary, artistic or scientific work, patent, trademark, plan, model, secret formulas and procedures, as well as related rights in accordance with special law provided that these rights shall not be realized within the employment or self-employment activity determined by Article 15 paragraphs (4) and (5) of the Act shall be deemed an author's fees.

7. Determination of income from joint self-employment activity

Article 53

(1) Self-employment income from Article 12 paragraph (2) points 1), 2) and 3) of the Act may be realized jointly more natural persons.

(2) Income from joint self-employment activities from paragraph (1) of this Article shall be taxed in accordance with Article 13 to 17 of the Act.

V. DETERMINATION OF INCOME FROM PROPERTY AND PROPERTY RIGHTS

Article 54

(1) Income from renting fixed property (buildings, land etc) shall represent difference between incomes from Article 20 paragraph (1) point 1) and expenses from Article 20 paragraph (7) of the Act.

(2) Income from renting movable property (equipment, transportation vehicles etc) shall represent difference between incomes from Article 20 paragraph (1) point 3) and expenses from Article 20 paragraph (7) of the Act.

(3) Income from alienation of fixed property shall represent difference between incomes from Article 20 paragraph (1) point 2) earned from sale, exchange and other transfer of ownership over fixed property to other entity(ies) with compensation and expenses from Article 20 paragraph (6) of the Act. A tax base shall be difference between market value of

property that is alienated and its purchase value increased by the growth of producer prices of industrial products, according to data of Federal Institute for Statistics.

(4) Income from alienation of fixed property alienated after three years from the acquisition date as well as income from alienation of fixed property that was used for accomodation of taxpayer or his/her immediate family members shall not be taxed.

(5) Income earned from renting equipment, transportation vehicles and other movable property used from self-employment activity shall not be deemed income from property and property rights but it shall be taxed as self-employment income.

(6) Natural persons acquiring property rights (copyright and industrial property rights) by inheriting shall be taxpayers of income tax from property rights when the acquired property rights are ceded for specific time period with contribution. Limited cession of the rights shall be also when the deadline for termination of use of rights is not determined by contract.

Article 55

(1) Income from joint property and property rights shall be determined in accordance with Article 20 and 21 of the Act or when when income is earned within a self-employment activity in accordance with Article 13 to 19 of the Act.

(2) In the case of joint earning of income from property and property rights a holder of joint property shall submit annual return on determined income tax from joint property upon expiration of the tax period within two monts to the competent organisational unit of the Tax Administration according to the place where the property is situated.

VI. DETERMINATION OF INCOME FROM EQUITY INVESTMENT

Article 56

(1) Incomes of natural persons earned from receivables on the basis of given loans shall be deemed an income from equity investment .

(2) Income from savings interests, deposits (on demand and term deposits) at the account, current and foreign accounts in the banks, savings bank and savings-loan cooperatives, interest income on securities issued in accordance with the special law shall not be deemed an income from capital investment .

VII. DETERMINATION OF INCOME FROM PRIZE GAMES AND GAMES OF CHANCE

Article 57

(1) Prizes in cash, goods and rights for shown knowledge in quizzes and other similar competitions shall not be deemed an income from prize games and games on chance, according to provision of Article 5 paragraph (1) point 10) of the Act.

(2) Exceptionaly from provision of Article 34 paragraph (3) of the Act, when realizing prize or income from prize games in goods, rights or services, an organizer of the prize games or game of chance shall determine tax base and tax amount for realized gain, and taxpayer who realized gain shall make payment of calculated tax before reciving prize or

gains and submit payment slip with paid tax to an organizer of the games or games of chance.

(3) A base for calculation of tax on income from prize games and games of chance shall be the total value of the prize or gains from prize games (cash or market) without reduction for the amounts from Article 23 paragraph (2) of the Act, as well as for personal exemptions from Article 24 of the Act.

(4) An organizer of prize games or games of chance shall keep record on prizes and gains from games of chance in goods with data on winner, market value of the prize or gain and paid income tax.

VIII. PERSONAL EXEMPTION

Article 58

(1) A resident taxpayer of income tax from Article 2 paragraphs (3) and (4) of the Act, in accordance with Article 24 paragraph (1) of the Act, shall have the right to personal exemption in the amount of 300.00 BAM per monthly or the most 3,600.00 BAM per year (if he/she have earned income or was registered as taxpayer of income tax during the tax period of all 12 months). The resident taxpayer from Article 2 paragraphs (3) and (4) of the Act shall have right to personal exemptions based on dependent immediate family members and his/her own disability and/or disability of dependent immediate family members dependent in accordance with Article 24 paragraph (2) to (6) of the Act.

(2) In accordance with Article 24 paragraph (3) of the Act immediate family members whose own income and other receipts, not deemed an income for the purpose of this Act, not exceeding the amount of 3,600.00 BAM per year shall be deemed a dependent immediate family members .

(3) In accordance with Article 24 paragraph (2) point 6) of the Act natural persons who have been found to have physical disability and level of disability based on special regulations by the decision of competent authority shall be deemed disability persons .

(4) Right oto personal exemptions from paragraph (1) of this Article shall be realized only based on tax card that is issued to a taxpayer by the Tax Administration upon his/her request.

(5) A taxpayer of tax on income from self-employment shall realize the right to decrease tax base for the corresponding amount of personal exemptions from paragraph (1) of this Article already when determining monthly advance payments of income tax ie. when determining tax on paid salary or upon expiration of the tax period based on annual tax return or when determining annual tax base for income tax for the previous month. Resident taxpayers of tax on income from self-employment and/or property and property rights, except those to whom an income tax is already calculated and paid as final tax withholding tax liability, may determine personal exemptions from paragraph (1) of this Article based on tax card from paragraph (4) of this Article and take it into account when determining annual income tax base for the previous tax period.

(6) A natural person – resident of the Federation from Article 2 paragraphs (3) and (4) of the Act, who from the begining of the tax period has status of an employee and obtain his/her tax card from the Tax Administartion, shall not apply and be treated as dependent in the same tax period, for the purpose of Article 24 paragraph (3) of the Act, from his/her status based on tax card shall acquire right to full annual amount of personal exemption.

(7) However, a natural person – resident of the Federation from Article 2 paragraphs (3) and (4) of the Act, who from the beginning of the tax period has status of an employee monthly earning remuneration lower than 300.00 BAM, may for the purpose of paragraph (2) of this Article apply and be treated as dependent at immediate family member in joint household, if he did not obtain his/her tax card from the Tax Administration. If during the same tax period this employee starts to earn monthly taxable incomes exceeding 300.00 BAM a taxpayer where an employee was registered as dependent shall act in accordance with Article 20 paragraphs (4) and (5) of this Rule book and report that to the Tax Administration and request a substitute tax card with smaller personal exemption factor, and till then dependent person may obtain his/her tax card from the Tax Administration in order to use personal exemption in further tax period.

(8) If two or more immediate family members earning taxable income and jointly from their receipts support other immediate family members, may upon their own request divide personal exemption for dependents immediate family members in the ratio they report in column d) of their applications for issuing tax cards (form PK-1001). In that case, when determining total personal exemption factors that is to be entered in the tax card of each person participating in supporting other immediate family members, it shall take into account corresponding portion of each individual factor in the ratio shown in their application for tax card issuing.

(9) If taxpayers, two members of the same household, have reported in their application for tax card issuing that they support the same immediate family member(s) not mentioning in the column d) data on the share of support of that person(s) or mentioning data that in total are not 100 percent, the Tax Administration shall act in accordance with Article 24 paragraph (4) of the Act and allocate equally personal exemption of taxpayers in the ratio 50:50.

(10) Upon expiration of the tax period in the procedure of determining annual amount of income tax, the resident taxpayer from Article 2 paragraph (3) of the Act based on relevant documentation that is to be submitted to the Tax Administration may increase his/her own personal exemption determined based on tax card on the grounds determined by Article 24 paragraphs (7) and (8) of the Act , ie. for medical treatment costs, orthopedic aids purchase etc. as well as for the amount of calculated interest on housing loan paid during the tax period.

(11) A personal exemption of resident taxpayer may be increased for the amount of real costs for health services and orthopedic aids purchase and prosthetic replacements for own use or for dependent immediate family members provided that documentation shall be on the name and surname of taxpayer and contain data on the amount of medical treatment costs (original invoices of health care institutions, participation certificate), evidences on costs payments and statement that no donation is received for this purpose.

(12) Services within primary, specialist and hospital health care in accordance with the Law on health care and provided for the purpose of medical treatments and are not paid from basic, private health insurance or by an employer or donation that natural person has received for this purpose shall be deemed a health care services for the purpose of paragraph (9) of this Article. Medical examinations, diagnostical and laboratory examinations, diagnostical and therapeutical treatments, operation procedures, hospital health care and medical rehabilitation, dental services and prothetic replacements, prescription drugs shall be deemed a health care insurance.

(13) Exceptionally from paragraph (9) of this Article a taxpayer may not increase his/her personal exemption based on costs for health services for easthetic and cosmetic

procedures, purchase of cosmetics that is not medically indicated or applied for the prevention or treatment of illness, for costs of sanitary and consumable material purchase, diagnostic means and medicines and drugs that can be bought without medical prescription.

(14) Personal exemption of a resident taxpayers may be increased for the amount of paid interest for housing loan if he/she has a relevant documentation that can be evidence that this loan (by buying or building a housing unit that given the number of immediate family members corresponds to his/her needs) is used for the first time solution of his/her or their family residential issue.

(15) Unused right to personal exemption for the period for which an annual tax return is submitted or the right to recognize a part of personal exemption whose amount is determined based on the factor reported in the tax card and exceeds realized gain or loss in that tax period, shall not be transferred and reimbursed in the next period(s) nor transferred or conveyed to other taxpayers.

IX. TAX LOSS

Article 59

(1) A tax loss realized by self-employment activities and/or property that can not be reimbursed in the whole or partially or deducted from incomes realized in the same tax period from other sources, may be transferred in the next tax period and deducted from the income realized in that tax period. Realized loss may be transferred up to the next five tax periods.

(2) If losses occur in several years in continuity, the first losses occurred shall be settled first and transferred loss from the previous tax period shall be deducted before personal exemption from Article 24 of the Act.

(3) A tax loss realized in the permanent place of business outside of the Federation by a resident of the Federation shall not be deducted from the income realized in the Federation.

(4) A tax loss realized outside the Federation by non-resident of the Federation shall not be deducted from income he/she realizes in the Federation.

X. PROCEDURE OF DETERMINATION AND PAYMENT OF INCOME TAX

1. Withholding tax

1.1. Withholding tax as advance payment of income tax

Article 60

A withholding tax deemed to be an advance payment of income tax for a taxpayer shall be calculated at the rate of 10 percent, suspended and paid by an employer, person who has obligations of an employer or payer upon each income payment in the same time with the payment of:

1) income earned from employment/salary, remuneration etc/ a withholding tax shall be calculated in accordance with Article 27 paragraphs (1), (2) and (3) of the Act and Article 16 of this Rule book,

2) income from other self-employment activity from Article 27 paragraphs (5) and (6) of the Act a withholding tax shall be calculated without rights to personal exemption from Article 24 of the Act,

3) income from other self-employment activity of the members of representative authorities and local self-government units from Article 12 paragraph (4) point 1) and Article 30 paragraph (3) of the Act on the manner from paragraph (1) points 1) or 2) of this Article,

4) income from other self-employment activity from Article 12 paragraph (4) point 2) and Article 30 paragraph 82) of the Act (withholding tax shall be calculated without right to personal exemption from Article 24 of the Act),

5) income from other occasional self-employment activity of free professions from Article 12 paragraph (4) point 3) of the Act to persons who earn author's fees as scientists, artists, experts, journalists etc (withholding tax shall be calculated to tax base consisted of total income reduced in the amount of 30 percent of earned income or in the real amount, in accordance with Article 15 paragraph (5) of the Act without right to personal exemption from Article 24 of the Act).

1.2. Withholding tax as final tax liability

Article 61

(1) If an employer, payer or a taxpayer correctly calculates, suspends and pays withholding tax during the tax period, paid withholding tax shall be deemed the final determined tax on individually or total earned income from this grounds, in the following cases:

1) in the case of income from employment and other self-employment activities from Article 60 points 1) and 3) of this Rule book and incomes from paragraph (1) point 3) of this Article paid withholding tax shall be deemed a final annual tax if:

- a taxpayer in the tax period did not earn beside that income any other forms of income for which a paid advance payment is not deemed a final tax
- an income is earned in the Federation and/or outside the Federation at only one resident employer,
- an income is earned at only one payer.

2) in the case of employment income from Article 60 paragraph (1) point 2) of this Rule book,

3) in the case of income from other self-employment activities from Article 12 paragraph (4) point 2), Article 30 paragraph (2) of the Act,

4) in the case of income from other occasional self-employment activity from Article 12 paragraph (4) point 2) and Article 30 paragraph (1) of the Act, and income from other occasional self-employment activity of free professions from Article 12 paragraph (4) point 3) of the Act,

5) in the case of income from other self-employment activity earned by non-resident by performing activities related to journalism, radio, TV, event organisation as well as occasionally performing self-employment activities, journalists, artists, athletes, writers from Article 12 paragraphs (2) and (3) and Article 30 paragraph (1) of the Act,

6) in the case of income from property earned by renting apartments, rooms and beds with or without intermediaries to passengers and tourists for which city tax is paid from Article 20 paragraph (1) point 1) and (8) point 2) and Article 32 paragraph (2) of the Act,

7) in the case of income from time limited cession of property rights from Article 21 paragraphs (1) and (2), and Article 32 paragraph (3) of the Act,

8) in the case of income from prize games and games of chance from Article 23 and 34 paragraph (1) of the Act.

(2) A taxpayer may also enter in the annual tax return forms of income from paragraph (1) of this Article other than income from property and income from equity investment, income from prize games and games of chance where paid advance payment is deemed a final tax in order:

1) to realize right to a part of personal exemption from Article 24 paragraphs (1), (2), (3), (7) and (8) of the Act,

2) to reduce tax base for current or accumulated loss from activities taxed as self-employment activities from Article 12 paragraph (2) points 1), 2) and 3) of the Act;

3) to realize other legal rights.

(3) Paid withholding tax shall not be deemed the final annual tax in the following cases:

1) in the case of income from employment in multiple employment relations based on employment **with** multiple employers;

2) in the case of income earned directly from abroad without intermediation of resident employer;

3) income from self-employment activity with that a tax payer realized in the same period other forms of incomes for which an obligation to submit annual tax return is prescribed

(4) In the cases from paragraph (3) of this Article, a taxpayer shall also enter in the annual tax return an employment income earned in the Federation, but not forms of income earned in the same tax period in the Federation for which a paid advance payments is deemed the final tax liability.

XI. TAXATION OF INCOME EARNED BY NON-RESIDENT ON THE TERRITORY OF THE FEDERATION

Article 62

(1) A resident payers paying an income to a non-resident taxpayers shall calculate, suspend and pay income tax at each income payment in accordance with provisions of the Act.

(2) Income tax on income earned by non-resident on the territory of the Federation from occasional self-employment activity (artists, athletes, writers etc), including activities related to journalism, radio, TV and event organisation, shall be calculated and withhold using the rate of 10 percent to a base consisted of total earned income without right to personal exemption from Article 24 of the Act. In accordance with Article 30 paragraph (1) of the Act, calculated and paid income shall be deemed the final tax liability and a taxpayer-non-resident earning incomes shall not submit annual tax return for this income.

(3) Upon request of non-resident the competent organisational unit of the Tax Administration shall issue certificate on paid tax income in the Federation to a non-resident.

(4) Resident payers of income paying income to a non-resident taxpayers with the residence in the countries that have concluded and ratified double taxation agreement with Bosnia and Herzegovina, shall calculate, suspend and pay income tax on the manner determined by agreement at income payment.

XII. ANNUAL CALCULATION OF INCOME TAX

1. Annual tax return

Article 63

(1) Income tax shall be finally determined based on annual tax return that a taxpayer shall submit by 31 March of the current year for the previous year to the competent organisational unit of the Tax Administration according to place of tax payment in accordance with Article 37 of the Act.

(2) Resident taxpayers from Article 2 paragraph (3) of the Act shall submit annual tax return for income earned inside and outside of the Federation and non-resident taxpayers only for income earned in the Federation.

(3) The resident taxpayers from Article 2 paragraph (4) of the Act shall submit annual tax return for income earned in the territory of the Federation and for incomes from employment activities with one or more employers, from self-employment activities from Article 12 paragraph (2), from property and property rights except for incomes earned from self-employment activities for which, in accordance with Article 31 of the Act, tax is paid in a lump-sum, incomes earned by participating in prize games and games of chance and incomes from property and property rights for which, according to Article 32 paragraphs (2), (3) and (4) of the Act, tax as final tax liability is paid on withhold.

(4) The resident taxpayers from paragraph (3) of this Article shall submit annual tax return to the organisational unit of the Tax Administration according to employer's seat not later than 31 March of the current year for the previous year.

(5) A holder of joint activity and joint property and property rights shall compile annual tax return of income from joint activities (form GPZ-1052) and submit it to the competent organisational unit of the Tax Administration according to their residence place (or place of activity registration) or according to the place where the property generating an income is situated. A holder of joint activity and joint property and property rights shall submit the tax return of income from joint activity before annual tax return from Article 34 of the Act, and not later than by the end of February of the current year for the previous year.

Article 64

Pursuant to Article 36 paragraphs (4) and (5) of the Act the following taxpayers of income tax shall not submit annual tax return

1) employees earning income from employment activities inside and outside of the Federation with only one resident employer and who did not earn any incomes from the other grounds in the same tax period.

2) taxpayers who in the tax period earned only incomes for which withholding tax is calculated, suspended and paid as final tax liability namely:

- income from employment for the work of up to 80 hours per month to whom income in the amount up to 250.00 BAM is paid,
 - income from equity investment,
 - income from property earned by renting houses, apartments and beds to tourists paying city tax,
 - income from real estate alienation,
 - income from prize games and games of chance,
 - income from equity investment,
- 3) taxpayers – non-residents for income earned from occasional self-employment activity.

1.1. Content of the annual tax return

Article 65

The annual tax return shall be consisted of five parts as follows:

The first part shall contain data on taxpayer: unique master number, surname and name, residence address, box for signing modification of the contact data, tax period, phone number and e-mail address.

The second part shall contain data on amounts of incomes – losses by type or source of income and in total.

The third part shall contain data on total amount of personal exemption for which a tax payer may reduce a tax base for the tax period for which a tax return is submitted, as well as data on the amounts of personal exemptions determined based on total factor reported in the tax card (form PK-1002), as well as data on individual personal exemptions prescribed by **Article 24 paragraphs (7) and (8)** of the Act that a taxpayer may deduct based on relevant documentation that shall be submitted with submitted annual tax return.

The fourth part shall contain data on determination of total annual income – loss, tax base, the amount of tax liability, the amount of advance payments paid during the tax period, and eventual differences of more or less paid tax for the tax period for which a tax return is submitted.

The taxpayer who reported under number 32 in the column c the amount with sign (-) that means that it is about overpaid amount of tax for the tax period for which the annual tax return is submitted, shall under number 33 put sign “x” in the box “a” if he/she does not want refund of overpaid amount but rather to count the amount as paid for the advance payment of tax for the next period, and he/she shall enter in the box “b” in the specified field of the row 33 of the form GPD-1051 his/her current account and name of the bank where the account is opened.

The fifth part shall contain statement of taxpayer on the accuracy and relevancy of data reported in the tax return, as well as his/her signature and date when the return is compiled.

1.2. Attachments to the annual tax return

Article 66

The taxpayers – residents of the Federation from Article 2 paragraphs (3) and (4) of the Act submitting annual tax return to the Tax Administration shall attach to the tax return (form GPD-1051) the following:

1) the copy of annual report(s) (forms GIP-1022) for employment income, other than income taxed according to Article 27 paragraphs (5) and (6) of the Act and income from self-employment activities of members of the representative government authorities from Article 12 paragraph (4) point 1) of the Act,

2) for income from self-employment activity of craft and craft related activities, free professions, agriculture and forestry:

- specification for determining self-employment income (form SPR-1053),
- list of current asset (form PLDI -1043),
- contracts and documentation on activity alienation,
- documentation on the share in joint income.

3) annual report of income payer on calculated, suspended and paid withholding tax for income from self-employment activities of free professions from Article 12 paragraph (3) point 4) of the Act that is taxed on deduction, other self-employment activity from Article 12 paragraph (4) points 2) and 3) of the Act, income from property and property rights from Article 32 paragraphs (1) and (3) of the Act, for income from equity investment, for income from prize games and games of chance and employment income from Article 27 paragraphs (5) and (6) of the Act,

4) the taxpayers – residents of the Federation from Article 2 paragraph (3) of the Act shall submit original invoices on performed service and proof of their payment together with annual tax return for recognition of a part of personal exemption based on health services costs,

5) the taxpayers- residents of the Federation shall submit with annual tax return a copy of housing loan, proof of paid interests during the tax period for which tax return is submitted, proof that taxpayer and his/her spouse do not own any fixed property for housing, or proof that the funds of granted housing loan are used to obtain or intend to obtain or build residential building that is to solve their residential issue for the first time in order to recognize part of personal exemption based on paid interests on housing loan,

6) proof on earned income and paid tax abroad for income earned and taxed abroad

2. Content of the annual tax return of income from joint activity

Article 67

(1) Tax return of income from joint activity shall contain the following data:

1) name and address of the seat of joint activity,

2) name and surname of a taxpayer or holder of joint activity, title of the store, unique identification number (statistical or unique master number – UMN), residence address of a holder of joint activity for each co-entrepreneur.

3) the amount of joint income determined based on business books kept for joint activity or joint property and property rights,

4) allocation of joint income to a co-entrepreneurs by participation of each of them in the joint income and the amount of share of each entrepreneur in the joint income,

5) list of attachments to the joint annual tax return.

(2) It shall submit with annual tax return of income from joint activity the following:

1) contracts and other documentation on joint activity and relations between co-entrepreneurs if it is not submitted earlier to the Tax Administration,

2) contracts and other documentation on joint activity alienation if the activity shall not continue,

3) review of operational incomes and expenses if the business books are not kept (income from joint property and property rights),

4) list of current asset,

5) statement from business books with data on total income and total expenses and data on total number of employees on 31 December.

3. Annual calculation of income tax

3.1. The tax period for which an income is to be determined

Article 68

(1) Income tax shall be determined and calculated for the calendar year, but on the same manner income for shorter tax period shall be calculated (Article 8 paragraph (2) of the Act).

(2) If a resident taxpayer becomes non-resident taxpayer or non-resident taxpayer becomes resident tax payer within the calendar year he/she shall give in the attachment of tax return data on certain income earning periods. For both periods it shall be done only one annual calculation.

3.2. Determination of annual income tax

Article 69

(1) From determined annual income tax shall be deducted an advance payments paid during the tax period for the forms of incomes reported in the annual tax return based on:

1) employment income calculated, suspended and paid by an employer or taxpayer by himself/herself, as well as other self-employment activities of the members of representative government authorities;

2) self-employment income, or income from craft and craft related activities other than income taxed in a lump-sum,

3) income from other self-employment activities,

4) income from property rights for which an advance payment of tax is paid during the tax period,

5) paid tax outside the Federation that may be calculated in accordance with Article 35 paragraph (4) of the Act,

(2) If there is difference for payment after deduction of paid advance payments of income tax from paragraph (1) of this Article a taxpayer shall pay that difference by the expiration of the deadline for submitting annual tax return.

(3) If there is difference of overpaid tax after deduction of paid advance payments of income tax from determined annual liability, it shall be used in accordance with provisions of Article 69 to 72 of the Tax Administration Act to settle liabilities of current tax period or to settle other due unpaid taxes or if there are no due unpaid taxes or those liabilities were less than overpaid amount, upon request of taxpayer refund of overpaid amount shall be done within 90 days following the expiration of deadline for submitting annual tax return.

3.3. Recognizing income tax paid outside the Federation

Article 70

(1) Tax that resident taxpayer pays on income earned outside the territory of the Federation (in other country and/or other entity of BiH and/or Brčko District) shall be recognized as paid income tax in the Federation up to the amount that would be payable by taxpayer according to provision of the Income Tax Act unless it is stipulated otherwise by agreements on avoiding double taxation.

(2) Tax paid outside the Federation may be recognized only based on certificate of competent taxation authority.

(3) Tax paid outside the Federation may be calculated only if it corresponds to the federal income tax and up to the amount of calculated income tax determined in accordance with the Act.

(4) The amounts of tax paid abroad shall be converted in convertible marks (BAM) applying average exchange rate of the Central Bank of BiH on the date of determining tax.

(5) Calculation of tax paid outside the Federation shall be done at annual calculation of income tax and shall be reported in the submitted annual tax return.

3.4. Calculation and application of monthly advance payment amounts for nex tax period

Article 70a

(1) Taxpayers performing self-employment activities from Article 12 paragraph (2) points 1), 2) and 3) of the Act and determining and paying income tax based on data from business books prescribed by Article 19 of the Act shall determine in accordance with Article 29 of the Act, upon expiration of the tax period, and report under number 29 of the form SPR-1053 monthly amount of advance payment and submit it to the Tax Administration with annual tax return (form GPD-1051) and holders of joint activities with the form GPZ-1052 within prescribed deadline.

(2) Taxpayers earning income from renting in lease or sub-lease fixed and movable property shall in accordance with Article 2 paragraph (1) of the Act and upon expiration of the tax period for the next tax period determine and report under number 21 of the form PRIM-1054 monthly amount of an advance payment and submit it with annual tax return (form GPD-1051) in the prescribed deadline to the Tax Administration.

XIII. OTHER LIABILITIES IN THE TAXATION PROCEDURE

Cash payments

Article 71

(1) In accordance with Article 41 of the Act bodies of government authorities, judicial authorities and administration and other state authorities and services of self-government authorities, institutes, non-profit organisations, entrepreneurs – natural and legal entities and income payers shall pay receipts that are deemed an income to a taxpayers on their account in authorized payment organization.

(2) Exceptionally from paragraph (1) of this Article the following incomes may be paid in cash to a taxpayers:

- 1) receipts not deemed an income based on Article 5 of the Act,
- 2) receipts taxed by income tax according to Article 6 of the Act,
- 3) income from equity investment,
- 4) income from games of chance,
- 5) income from renting apartments,
- 6) payments for repurchase of secondary raw material and waste provided that collection of the secondary raw materials waste is not permanent self-employment activity of a taxpayer in accordance with Article 12 paragraph (1) of the Act.
- 7) payment of compensations for sold personal belongings of natural persons not used for activity performance,
- 8) incomes earned by juveniles until the completion of regular education from seasonal jobs in agriculture, newspaper sale, tickets sale etc, census, surveys, reading water counter etc from amateur participation in the work of cultural and artistic associations etc provided that this incomes at one payer do not exceed 400.00 BAM per year.
- 9) payments made by legal entities registered for the processing of agricultural products to individual agricultural producers when purchasing agricultural products (milk, fruits, vegetables etc) for further processing.

(3) Direct handover of cash (paper money and coins), cheque payments, payment to the savings account of the citizen and any other payments made directly or by account of taxpayers opened at authorized payment organisations shall be deemed cash payments for the purpose of the law.

Obligation of submitting data on earned incomes and paid advance payments of income tax

Article 71a

Natural and legal entities – taxpayers of the calculation and payment of advance payment of income tax based on payments of taxable incomes to natural persons shall submit by the end of February of the current year to each taxpayer a summary review with data on paid personal receipts in the previous tax period as well as on calculated and suspended advance payments of income tax on all taxable receipts paid based on employment activities (form GIP-1022) as well as review of data on calculated and paid remunerations from other self-employment activities performed based on service contracts, copyright contracts etc., paid incomes that are included in the total annual income for which a taxpayer shall submit an annual tax return (form GPD-1051) in accordance to provisions of the Tax Administration Act and Income Tax Act.

XIV. Transitional and final provisions

Article 72

(1) Exceptionally from provisions of Article 28 paragraph (1) of the Act and Article 19 paragraph (2) of this Rule book for the purpose of faster implementation in the system of recognizing rights to deduction of tax bases based on dependent immediate family members and disability of taxpayer and dependent immediate family members, and that is to be realized based on tax card, in the first year of the application of the Act (until 31 December 2009) filled in applications for tax card issuing of their employees (form PK-1001) with corresponding documentation that is base for determination of the total factor for personal exemption calculation shall be collected by employers.

(2) After compiling data from application with submitted documentation employers may determine the total factor for calculation of monthly amount of personal exemption of each employee individually and apply it already at the first payment of salary in 2009, before obtaining tax cards (form PK-1002) that shall be issued by the Tax Administration starting from 1 July 2009 based on submitted applications by employers.

(3) After receiving tax cards from the Tax Administration employers shall reconcile calculated advance payments of tax on salary and determined amounts of personal exemptions calculated upon request of their employees with personal exemptions determined based on the total factor of personal exemption from the tax card, and in the case of eventual differences they shall reconcile calculated advance payments of tax on salary for the previous month as well as records on made salaries payments (form OLP-1021).

(4) As of 1 May 2009 employers who have more than 10 employees shall submit an application for tax card issuing in e-form (on CD or by e-mail), and employers employing less than 10 persons, as well as natural persons-residents earning income from employment activity directly from abroad shall submit an applications for issuing tax cards to the Tax Administration in e-form, by mail or directly.

(5) An employee shall be responsible for the accuracy of data reported in the Application for issuing tax card that he/she submitted to the Tax Administration in 2009 through his/her employer as well as for timely reporting of all modifications affecting the decrease of personal exemption factor, and an employer and employee shall be jointly and severally responsible for appropriate determination of personal exemption factor and its application.

(6) Employees who did not submit Application of issuing tax card in 2009 on the manner prescribed in paragraphs (1) to (5), shall realize right to personal exemption for 2009 based on annual tax return of income tax (form GPD-1051) that shall submit to the Tax Administration within the legal deadline with submitting credible documentation that may be used to prove right to personal exemption.

Article 73

(1) Exceptionally from provisions of Article 17 of this Rule book employers who do not determine or pay the salaries of their employees in the gross amount or in the gross amount reduced for compulsory contributions from the base by 1 January 2009 ie. by the start of application of the Income Tax Act, shall determine salary gross amount for calculation of compulsory contributions and for determination of base for calculation of a tax on salary on the basis of formulae prescribed by Article 49 of the Act.

(2) The employers from paragraph (1) of this Article shall make calculations and payment of compulsory contributions from the base and advance payment of income tax of their employees in 2009 on the manner determined in paragraph (1) of this Article, until

determining or contracting “new” salaries of their employees in the gross amount or in the gross amount reduced for compulsory contributions.

$$\text{Gross} = \frac{\text{net remuneration} \times \left(\frac{100}{100 - \text{cumulated rate of contributions from wage}}\right)}{\text{net wage} \times 1,05263} = 0,69$$

Article 74

The taxpayers performing self-employment activity from Article 12 paragraph (2) points 1), 2) and 3) of the Act shall make list of inventories of goods, raw materials and finished products on 31 December 2008 at purchase values with included value added tax and report total value as initial balance for 2009 in the book of incomes and expenses.

Article 75

(1) Taxpayers performing self-employment activities in 2008 and who are obliged to keep business books based on provisions of law on taxes of cantons may make entries of business changes in 2009 in “old” business books until the purchase of “new” business books prescribed by Income Tax Act if there are unused pages in old books, but no later than 30 June 2009.

(2) The taxpayers from paragraph (1) of this Article shall conclude entries of business changes in “old” business books before the transfer to “new” business books and transfer concluded balance in the “new” business books that must be verified in the competent organizational unit of the Tax Administration before their use.

Article 76

This Rule book shall enter into force on the eight day following its publication in the Official Gazette of the Federation of BiH and shall be applied from 1 January 2009, except Article 72 of this Rule book that shall apply as of the eight day following its publication in the Official Gazette of the Federation of BiH.

Guidance for filling in application for issuing tax card (form PK-1001)

The taxpayers of income tax from Article 2 paragraphs (3) and (4) of the Income Tax Act (Official Gazette of the Federation of BiH, 10/08, 9/10, 44/11 and 7/13) who have status of the resident of the Federation and want to realize right to personal exemption and personal exemptions from Article 24 paragraphs (1) to (6) of the Act, ie. based on dependent immediate family members and his/her disability or disability of immediate family members, shall obtain their tax card from the Tax Administration.

The resident taxpayer from Article 2 paragraph (3) of the Act shall submit an Application for issuing tax card in accordance with provisions of Article 28 paragraph (1) of the Act to the organisational unit of the Tax Administration according to his/her residence and according to his/her employer residence if it is about natural persons who have residence on the territory of Republic of Srpska and/or Brčko District, and acquire status of the resident of the Federation based on employment relation with an employer seated on the territory of the Federation of BiH/Article 2 paragraph (4) of the Act/.

When filling in Application for issuing tax card it shall firstly sign with "X" one of three fields below title and sign of the form depending on:

- Whether a taxpayer submit an Application for issuing tax card for the first time;
- Whether a taxpayer require that Tax Administration issues him/her copy or new tax card because he/she has lost earlier obtained tax card, or his/her tax card is stolen or destroyed;
- Whether application is submitted for permanent cancelation of the tax card due to inability of its further use (death of a taxpayer, permanent emigration in other countries, acquisition of non-resident status, long-term serving of imprisonment etc) or loss of status of resident of the Federation of a natural person with the residence on the territory of Republic of Srpska and/or Brčko District and due to termination of employment relation with employer seated on the territory of the Federation of BiH.

The taxpayers of income tax from Article 2 paragraphs (3) and (4) of the Income Tax Act (Official Gazette of the Federation of BiH, 10/08, 9/10, 44/11 and 7/13) with the status of resident of the Federation who want to realize right to basic personal exemption and personal exemptions based on dependent immediate family members and his/her disability or dependent immediate family members disability determined by Article 24 paragraphs (1) to (6) shall obtain their tax card from the Tax Administration.

Filling in the Application for issuing tax card

Part 1 - Data on taxpayer: Requested data shall be entered in each field. In the field 4) – (UMN) for the taxpayer-resident of the Federation from Article 2 paragraphs (3) and/or (4) of the Act thirteen digit unique master number shall be entered, and for a taxpayer – foreigner with resident status in this field number assigned by the Tax Administration after registration of that foreign person shall be entered. In the field 5) (residence address) shall be entered street and number (according to CIPS application form). In the field 6) shall be entered municipality of the territory where the residence address is. In the field 7) shall be entered data of birth of taxpayer – (e.g. 1 May 1975) it shall be entered:01/05/1975. Depending on whether an applicant is «employed» or «unemployed» he/she shall put sign “x” in the appropriate field 11.

Part 2 – Data on employer: Name and UIN/UMN of an employer/payer where the applicant is currently employed or to whom he/she will submit his/her tax card shall be entered. If the applicant is not in employment relation or in the moment of submitting this application he/she performs some of self-employments he/she shall put sign “x” in the appropriate field 11.

Part 3 – Data on dependent spouse: Data on spouse shall be entered if the spouse may be deemed dependent immediate family member for the purpose of Article 24 paragraphs (3) and (5) of the Act. If the amount of own monthly income of spouse exceeds monthly amount of basic personal exemption (300.00 BAM) spouse shall not be deemed dependent immediate family member and data shall not be entered in this part or all column shall be signed with “0”

The amount of own spouse incomes shall be entered in the column c) if it is less than the amount of basic annual personal exemption. The percentage 100% shall be entered in the column d) if taxpayer supports his/her spouse by himself/herself, and if spouse is supported by two or more persons shall be entered the percentage of taxpayer submitting this application. Individual coefficient of personal exemption for supporting spouse “0.5” shall be entered in the column e).

Part 4 – Data on dependent children: In this part it shall be entered data on children that can be deemed a dependent immediate family member according to provisions of Article 24 paragraphs (3) and (5) of the Act. The manner of filling in columns shall be the same as in the part 4 with the difference that in the column a) shall always be entered data on dependent children in the same order (from the oldest to the youngest). For the first or only child that taxpayer supports by himself/herself it shall be entered the percentage 100% in the column d) and in the column e) individual factor 0.5. For the second child individual factor shall be 0.7 and for the third and any other child shall be 0.9. If the abovementioned dependent children are supported by both parents in the ratio 50%-50% or in some other ratio, then in the column d) of applicant shall be entered the percentage of supporting that child referred to applicant, and in the column e) coefficient corresponding to that share in supporting of that child shall be entered (e.g. if this ratio is 50%-50% in the column e) for the first, the oldest child that coefficient is 0.25, and if ratio is 30%-70% coefficient shall be 0,15, if the ratio is 75%-25% coefficient shall be 0,375 etc.). At share in supporting the second child it shall act on the same manner provided that coefficient shall be determined by dividing coefficient 0.7, and for the third and any other child coefficient 0.9 shall be divided in the appropriate ratio from the column d).

In this Application shall not be entered data on children living in the joint household with applicant and who have own incomes exceeding 300.00 BAM (e.g. salary, pension, disability allowances, alimony and other personal receipts) because in that case this children shall not be deemed a dependent immediate family members.

Part 5 – Data on other dependent immediate family members: Data on persons living in the joint household with taxpayer and that may be deemed dependent immediate family members according to provision of Article 24 paragraphs (3) and (5) of the Act shall be entered in this part. Data shall be entered on the same manner as in part 4 and 5 with the difference that in the last column for each dependent immediate family member shall enter individual factor 0.3. In the column f) may be reported the lower coefficient than 0.3 that shall correspond to ratio reported in the column e) if an applicant participates in supporting aforementioned person in the mentioned ratio with other person living with the applicant in the joint household. In this part shall not be entered data on immediate family members who have own monthly incomes higher than monthly amount of basic personal exemption (300.00 BAM) because in that case they shall not be deemed other dependent immediate family members.

Part 6 – Data on dependent persons for whom a taxpayer pays an alimony: In this part it shall enter data on persons – relatives by the right line (child/children and/or ex-spouse). The applicant shall enter the appropriate coefficient 0.5 in the column f) if it is about alimony paid to ex-spouse as well about alimony paid for one child, or coefficient 0.7 if it is about an alimony paid for the second child or coefficient 0.9 if it is about alimony paid for the third child etc.

Note: If the ex-spouse with whom in the joint household live children from the marriage with the person who pays an alimony for his/her children from the former marriage, earns by himself/herself a taxable income to support himself/herself or immediate family members, in the Application for issuing tax card in the part 5. as dependent immediate family members may also report children who receive an alimony only if the monthly amount of alimony is not exceeding 300.00 BAM or if beside an alimony children have other own incomes that together with alimony are exceeding 300.00 BAM per month. If the monthly amount of alimony , including possible other regular monthly incomes of child/children is less than 300.0 BAM the personal exemption for that child/children according to provisions of Article 24 paragraph (4) of the Act shall be distributed equally in the ratio 50%-50%, unless parents or guardians agree otherwise.

Part 7 – Data on dependent immediate family member with disability including taxpayer: Data on dependent persons from parts 3,4,5 and 6 that are determined to be disabled by authorized health commissions including taxpayer – applicant. In the column e) for each dependent person with disability coefficient 0.3 shall be entered. If it is about dependent immediate family member with reported share in supporting indicated in the appropriate column of the parts 4, 5 and 6 of this form the coefficient 0.3 shall be divided in the reported ratio.

In the parts from 3. to 7. of the column a) a thirteen digit unique master number of dependents shall be entered and for dependents – foreigners number assigned by the Tax Administration after registration of the foreigners shall be entered in this column.

In the second row of this part data on date from which total coefficient shall be applied for determining the amount of personal exemption for which a base for calculation of the monthly advance payments of employment income tax may be reduced during the tax period as well as for determining total annual amount of personal exemption upon

expiration of the tax period for which an annual tax base for calculation of income tax for the previous period may be reduced.

Part 8 – Data on total personal exemption coefficient and date of its expiration: In this part in the far right column /column e) shall be entered data on total personal exemption coefficient that is in fact a sum of all individual coefficients from far right column from parts 3, 4, 5, 6 and 7 and personal exemption coefficient /1.0/.

Part 9 – Statement of a taxpayer: Signature of applicant shall mean that according to his/her knowledge and belief data reported in the Application and attached documentation on the basis of which data are entered are completely accurate and relevant.

Guidance for compiling and submitting montly report MIP-1023

The form MIP-1023 shall be used for monthly reporting to the Tax Administration by employer/payer of salaries, other personal receipts and benefits that employees are earning from employment, maternity leave remunerations and sick leave exceeding 42 days remunerations that employees are earning during the previous month, as well as of calculated, suspended and paid contributions from the base and on the base and calculated and paid montly advance payments of income tax for that month.

An employer/payer calculating and paying contributions on the expense of an insurer shall submit the form MIP-1023 to the competent organisational unit of the Tax Administration. Entities paying sickness remunerations for sickness exceeding 42 days and maternity remuneration (health insurance and reinsurance institutes and centers for social work) shall also be deemed payers. The MIP-1023 form shall also submit natural persons as follows:

- resident of the Federation who are:
- employees in diplomatic or consular offices of the foreign country or international organisation with diplomatic immunity,
- employees of humanitarian organisations and other legal or natural entities – non-residents of the Federation who perform employment activity on the territory of the Federation.

Employers/payers for employees performing employment activity on the territory of Brčko District shall also submit the form MIP-1023 for the amount of contributions for pension and disability insurance paid in favor of the Federal Fund for Pension and Disability Insurance.

Employers/payers shall also submit the form MIP-1023 for the amount of contributions for health insurance and contributions for unemployment insurance paid in favor of the accounts of federal or cantonal health funds for employees-residents of the Federation of BiH performing employment activity on the territory of Republic of Srpska.

Employers/payers shall also submit the form MIP-1023 for the amount of compulsory contributions from the base for pension and disability insurance, contributions for health insurance and contributions for unemployment insurance paid in favor of the accounts of federal or cantonal health insurance fund.

As calculation of salaries is monthly this form shall be submitted for each paid salary. If during month two salaries are paid it shall be necessary to compile and submit the form for each salary.

Guidance for filling in and submitting the form “Individual monthly report on paid salaries, calculated and paid contributions and tax on employment income”

The form “Individual monthly report on paid salaries, calculated and paid contributions and tax on employment income” (hereinafter: the form PMIP-1024) shall be used for reporting of the Tax Administration of the Federation of BiH on made individual payments, surcharges and/or corrections of data reported in the form “Monthly report on paid salaries, realized benefits and other taxable incomes of employees from employment, paid contributions and advance payment of income tax” (hereinafter: the form MIP-1023).

Data reported in the form PMIP-1024 for one employee and one tax period (month/year) shall be an integral part of data in the form MIP-1023 referred to the same tax period (month/year).

The form PMIP-1024 shall be submitted exceptionally, in single specific cases as follows:

- adding a new employee for already submitted reports MIP-1023,
- modification of data for already
- deleting data for already submitted reports MIP-1023 on employee
- reporting only contribution payment
- reporting employees before submitting completed report MIP-1023.

The form PMIP-1024 shall be submitted to the competent Tax Administration office of the Federation of BiH on the same day, and no longer than the next day following salary payments, contributions and income tax payments, or finding errors reported in the earlier submitted MIP-1023 form or when certain circumstances occur that should be a reason to report certain data on the PMIP-1024 form.

Tax period

The sign of the period in the header of the form PMIP-1024 shall sign for which month and year data on salary, contributions and advance payment of income tax are referred to, but not month and year when the salary and contributions and income tax are paid.

Filling in the part 1 – Data on employer/payer and taxpayer

Filling in the first three fields in the part 1 of the form PMIP-1024 shall be done on the same manner as at the form MIP-1023.

Part 1 – field 4) Operation

Filling in part 1 – **field 4) “Operation”** shall be done on the manner to choose and sign with “X” just one of the available values from the form PMIP-1024:

- adding a new employee for already submitted reports MIP-1023,
- modification of data for already
- deleting data for already submitted reports MIP-1023 on employee
- reporting only contribution payment
- reporting employees before submitting completed report MIP-1023.

Part 1 – Field 5) Contribution payment type – Operation “Adding a new employee for already submitted reports MIP-1023”

Operation "Adding a new employee for already submitted reports MIP-1023" shall be signed in exceptional cases when subsequently calculating and paying salary, contributions and income tax for corresponding tax period for individual

employee for whom contributions and income tax are not calculated and paid in the time when they are calculated and paid for other employees for the same tax period.

For example, aforementioned operation shall be signed in the following cases:

- when former employee sues an employer because of unjustified dismissal of a labor contract and the employee is obliged to pay all outstanding wages, contributions and income tax by the court decision
- when an authorized Tax Administration officers of the Federation of BiH during the control determine illegal way of engaging employees (most common cases – unlawful conclusion of service contract instead of labor contract or contract on temporary and occasionally activities) and calculate contributions and income tax on paid amounts on the manner prescribed for employment activities.
- when an employer by accidentally did not pay salary, contributions and income tax for one of his/her employees in the time when he/she has paid salary and debt contributions to other employees.

Note:

- In the case from indent 2 an employer who, contrary to regulations on income tax, calculated and paid contributions and income tax prescribed for occasional employment activities (engagement by service contract instead of labor contract) for employees performing employment activities, shall pay tax liabilities in the full amount in accordance with regulations, and for earlier, wrongly paid amounts of contributions and income tax application for refund may be applied.

- Operation "Modification of data for already submitted reports MIP-1023 on employee"

Through the form PMIP-1024 it may be subsequently submitted modified and/or updated data on paid income, calculated and paid contributions and income tax from employment activities for individual employees referred to the period for which an employer has already submitted the for MIP-1023 for the same tax period to the Tax Administration.

If there is an opportunity for an employer to correct or modify data on paid contributions and taxes for more employees it shall be necessary to make and submit to the Tax Administration more PMIP-1024 forms i.e. for each employee individual.

An employer shall sign operation "Modification of data for already submitted reports MIP-1023 on employee" in the case of subsequent finding errors in any part 2 of already submitted forms MIP-1023:

- non-filling in or incorrect filling in the form MIP-1023 of different compensation or benefits from employment activities
- subsequent calculation and payment of part of salaries and payment of related contributions and income tax for attributable tax period for which salaries, contributions and income tax are already paid;

- when an employer, based on employee claims and court decision subsequently pays part of outstanding salaries and related amount of contributions and income tax for which the form MIP-1023 is already submitted;

- Modification of financial and non-financial data in the part 2 of the form MIP-1023 earlier submitted and sent to funds. Fields: 6, 7, 21, 22 and 23 of the form MIP-1023 shall be deemed a non-financial data in the part 2. Modification of the field 3) UMN in the part 2 of the form MIP-1023 is not permitted by this operation.

Fields in the form PMIP-1024 shall be filled in on the manner to enter accurate data for related period as the previous data are not submitted to the Tax Administration of the Federation of BiH.

For the case of higher difference an employer shall cumulate earlier data with new ones and submit total amount on the form PMIP-1024.

For the case of less difference an employer shall deduct previous data from the new ones and submit difference of this two amounts on the form PMIP-1024. Data entered in the PMIP-1024 shall change already submitted data on the form MIP-1023 of the same employer, for particular employee and corresponding tax period.

- Operation “Deleting data for already submitted reports MIP-1023 on employee”

Operation “Deleting data for already submitted reports MIP-1023 on employee” shall be signed in exceptional cases, e.g. when an employer has reported employee who is not in employment relation with that employer for the same tax period by his mistake or mistake of person submitting forms.

An employer shall sign Operation “Deleting data for already submitted reports MIP-1023 on employee” when subsequently finding errors in the part 2 of already submitted forms MIP-1023:

- when the field 3) UMN for related employee is wrongly filled in, and data from MIP-1023 form are already submitted to the funds;

- when an employer has paid salary, contribution and income tax for some employee who is not in employment relation with this employer by mistake.

- in the case when self-employed entrepreneur – craft owner is reported at the form MIP-1023 by mistake instead of submitting form Specification with payment

of contributions of entrepreneur (form 2002);

- forms submitted for the wrong tax period where there were no employees in employment relation.

Note:

- An employer shall subsequently submit PMIP-1024 for the employee who has been by mistake omitted on an already submitted form MIP-1023 and with sign of operation

“Adding new employee for already submitted reports MIP-1023” according to guidance for this operation.

- Operation “Report of contributions payments” and part 1 – field 5)

“Contribution payment types”

Operation "Report of contribution payment" shall be signed only in particular cases of contribution payments when wage is not paid and when it is paid in some earlier period.

When in the field 4) "Operation" of the form PMIP-1024 is signed operation "Report of contribution payments" field 5) "Contribution payment types" shall also be filled in.

The field 5) shall not be filled in the case when in the field 4) some other operation is selected.

If this precondition is met then one value from the following code book shall be selected:

1. calculation and payment of contributions under specific decision of authorities of any level of authority in Bosnia and Herzegovina;
2. calculation and payment of contributions based on court decisions;
3. calculation and payment of contributions based on reports of Tax Administration inspectors, issued decision or payment order.
4. calculation and payment of contributions based on agreements of an employer with the Tax Administration or with some of competent extrabudgetary funds;

Contribution code 1) This code shall be filled in the field 5) in specific cases when some authority in Bosnia and Herzegovina, for public interest, allocates certain amount of funds, intended for payment of contributions for state-owned companies.

Contribution code 2) Calculation and payment of contributions based on court judgements shall be used only when an employer, based on claim of all employees and court judgement, subsequently pays only contributions (without paying salary)

Notes:

- In the cases of non-payment of salaries for certain period, when an employer based on claim of all employees and court judgement subsequently pays all outstanding salaries and compulsory contributions and income tax in full amount, he/she shall fill in and submit the form MIP-1023 to the Tax Administration;
- In the cases when an employer based on court decisions subsequently pays part of salaries from the previous period and pays related part of contributions and income tax, he/she shall sign operation "Modification of data for already submitted reports MIP-1023 on employee"

Contribution code 3) "Calculation and payment of contributions based on record of Tax Administration inspector, issued decision or based on payment order" shall be entered in the field 5) in the following cases:

- When an employer pays only contributions based on Tax Administration acts that determine liabilities based on contributions.

Notes:

- When an employer in aforementioned case subsequently pays salary and income tax, all mentioned amounts shall be reported in the forms OLP-1021 and GIP-1022. An employer shall not subsequently submit the form MIP-1023 to the Tax Administration of the Federation of BiH.
- If an employer in the same time pays salaries, contributions and income tax in full amount for the tax period for which an authorized persons have determined liabilities based on contributions, he/she shall submit the form MIP-1023 instead of individual form PMIP-1024 for all employees.

Contribution code 4) "Calculation and payment of contributions based on agreement signed by an employer with Tax Administration or some of competent extrabudgetary funds"

In the case of only contribution payment under aforementioned agreements an employer shall classify each installment of calculated and paid contributions by employees, and submit the form PMIP-1024 for each individual employee.

Notes:

- When an employer in aforementioned case subsequently pays salary and income tax, he/she shall report all mentioned amounts in the forms OLP-1021 and GIP-1022. An employer shall not subsequently submit the form MIP-1023 to the Tax Administration of the Federation of BiH.

- If an employer, keeping with the terms of agreements, pays together with contributions full salaries for all employees by particular tax period, together with income tax, he/she shall in that case for each tax period submit the form MIP-1023 instead of individual forms PMIP-1024 for all employees.

For aforementioned codes of contribution payment types from the part 1) of the form PMIP-1024, filling in the field 2) "Contribution payment type" in the part 2 of the same form is not relevant.

- Operation "Reporting an employee before submitting completed report MIP-1023"

Operation "Reporting an employee before submitting completed report MIP-1023" an employer shall be signed in the following specific cases:

- when an employee retires,
- in cases of severe sickness of individual employees ,
- when terminating employment relation of an employee, when an employer calculates and pay salaries and contributions for former employee who has to be reported to the employment bureau and
- in other exceptional, justified cases that are possible in practice when an employer is not possible to pay contributions and for all other employees, and makes individual payments only for some employees.

In aforementioned cases there is no possibility to pay only one type of contributions, but an employer shall pay salary and all contributions for individual employee.

The same data an employee shall also be included in the monthly report (form MIP-1023) that shall be subsequently submitted to the Tax Administration when salaries, contributions and income tax are to be paid for all employees of that employer for certain tax period.

- Filling in the parts 2 and 3 of the form PMIP-1024

Filling in the part 2 and part 3 of the form PMIP-1024 shall remain unchanged in accordance with Article 11 of the Rule book on application of Income Tax Act provided that part 3 – "Contributions on the expense of an employer" shall refer to on the employee mentioned in the part 2 of the form PMIP-1024.

Exceptionally when the field 5) is filled in, for mentioned codes of contribution payment types from the part 1 of the form PMIP-1024 filling in of the field 2) "Payment type" of the same form shall not be relevant.

Filling in of certain fields in the part 2 is specific when the field 4) Report of only contributions from the part 1 is filled in given that there is no salary payment.

*Official Gazette of the FBiH, 67/08, 4/10, 86/10, 10/11, 53/11, 20/12, 27/13, 71/13, 90/13,
45/14, 52/16 and 59/16)*

- In the field 8) in the part 2 gross salary shall be filled in, but the fields referred to tax income (fields 17), 18), 19) and 20)) shall not be filled in because the salary is not paid.

Bosna i Hercegovina FEDERACIJA BOSNE I HERCEGOVINE Federalno ministarstvo financija/finansija POREZNA UPRAVA	Obrazac PK-1001 Zahtjev za izdavanje porezne kartice <input type="checkbox"/> Prvo izdavanje <input type="checkbox"/> Izmjena <input type="checkbox"/> Poništavanje	Označiti 1 polje	
Dio 1 – Podaci o poreznom obvezniku			
1) Prezime	2) Ime	3) Ime jednog roditelja	4) JMB <input style="width: 100%; height: 15px;" type="text"/>
5) Adresa prebivališta		6) Općina prebivališta	7) Datum rođenja (dan/mjesec/godina) <input style="width: 100%; height: 15px;" type="text"/>
8) Telefon <input style="width: 100%; height: 15px;" type="text"/>			
Dio 2 – Podaci o poslodavcu			
9) JIB/JMB poslodavca <input style="width: 100%; height: 15px;" type="text"/>		10) Naziv poslodavca	
11) Označiti 1 polje <input type="checkbox"/> Zaposlen <input type="checkbox"/> Nezaposlen			
Dio 3 – Podaci o izdržavanom bračnom drugu			
a) JMB <input style="width: 100%; height: 15px;" type="text"/>	b) Prezime i ime	c) Vlastiti prihod <input style="width: 100%; height: 15px;" type="text"/>	d) Udio u izdržavanju (u %) <input style="width: 100%; height: 15px;" type="text"/>
e) Koefic. odbitka <input style="width: 100%; height: 15px;" type="text"/>			
Dio 4 – Podaci o izdržavanoj djeci			
a) JMB <input style="width: 100%; height: 15px;" type="text"/>	b) Prezime i ime	c) Vlastiti prihod <input style="width: 100%; height: 15px;" type="text"/>	d) Udio u izdržavanju (u %) <input style="width: 100%; height: 15px;" type="text"/>
e) Koefic. odbitka <input style="width: 100%; height: 15px;" type="text"/>			
Dio 5 – Podaci o ostalim izdržanim članovima uže porodice			
a) JMB <input style="width: 100%; height: 15px;" type="text"/>	b) Prezime i ime	c) Vlastiti prihod <input style="width: 100%; height: 15px;" type="text"/>	d) Sredstvo <input style="width: 100%; height: 15px;" type="text"/>
e) Udio u izdržavanju (u %) <input style="width: 100%; height: 15px;" type="text"/>			
f) Koefic. odbitka <input style="width: 100%; height: 15px;" type="text"/>			
Dio 6 – Podaci o izdržanim licima za koja obveznik plaća alimentaciju			
a) JMB <input style="width: 100%; height: 15px;" type="text"/>	b) Prezime i ime	c) Mj. iznos alimentacije <input style="width: 100%; height: 15px;" type="text"/>	d) Sredstvo <input style="width: 100%; height: 15px;" type="text"/>
e) Udio u izdržavanju (u %) <input style="width: 100%; height: 15px;" type="text"/>			
f) Koefic. odbitka <input style="width: 100%; height: 15px;" type="text"/>			
Dio 7 – Podaci o izdržanim članovima uže porodice sa invaliditetom uključujući i poreznog obveznika			
a) JMB <input style="width: 100%; height: 15px;" type="text"/>	b) Prezime i ime	d) Sredstvo <input style="width: 100%; height: 15px;" type="text"/>	e) Udio u izdržavanju (u %) <input style="width: 100%; height: 15px;" type="text"/>
f) Koefic. odbitka <input style="width: 100%; height: 15px;" type="text"/>			
Dio 8 – Podaci o ukupnom koeficijentu ličnog odbitka i datum važenja istog			
Osnovni lični odbitak			1,0
Ukupan koeficijent ličnog odbitka poreznog obveznika (zbir koeficijenata iz dijela 3. do 8.)			
Datum početka primjene koeficijenta			<input style="width: 100%; height: 15px;" type="text"/>
Dio 9 – Izjava poreznog obveznika			
Izjavljujem da su svi podaci navedeni u ovom zahtjevu tačni, potpuni i jasni i da sam upoznat sa svojim pravima i obavezama kao i sankcijama propisanim Zakonom o Poreznoj upravi i drugim propisima.			
Potpis poreznog obveznika		Potpis ovlaštenog lica poslodavca	Datum podnošenja <input style="width: 100%; height: 15px;" type="text"/>

3	JMB	JMB lica kojem je isplaćena plaća. Ukoliko je u pitanju stranac (nerezident) potrebno je upisati identifikacijski broj koji Porezna uprava dodjeljuje strancima (nerezidentima).
4	Općina prebivališta	Upisati trocifrenu šifru općine propisanu Pravilnikom o načinu uplate budžetskih i vanbudžetskih fondova na teritoriji Federacije Bosne i Hercegovine, a za zaposlenike sa prebivalištem u Republici Srpskoj potrebno je unijeti šifru općine 300, a za Brčko distrikt unijeti 099.
5	Datum isplate	Datum kada je izvršena isplata plaće / naknade. Ukoliko je u mjesecu bilo više isplata, upisati datum zadnje isplate.
6	Broj radnih sati	Upisati broj radnih sati za koje je zaposlenik bio u radnom odnosu u toku mjeseca u kojem je nastala obaveza plaćanja. Ovdje je uključen ukupan broj radnih sati kao npr. redovan rad zaposlenika, prekovremeni rad, praznici, plaćeno odsustvo, godišnji odmor, bolovanja do i preko 42 dana, porodijsko odsustvo i dr. Npr. ako je zaposlenik prijavljen na puno radno vrijeme (8 sati) i mjesec u kojem je nastala obaveza plaćanja je imao 23 radna dana, potrebno je upisati $184 \cdot 8 \times 23 = 184$. Za naknade za porodijsko odsustvo i bolovanja preko 42 dana unosi se ukupan fond sati za mjesec za koji se isplaćuje naknada.
7	Broj radnih sati na bolovanju	Upisati broj radnih sati koje je zaposlenik proveo na bolovanju u toku perioda u kojem je nastala obaveza plaćanja. Za bolovanje do 42 dana unijeti broj sati koje je zaposlenik proveo na bolovanju. Za naknade za porodijsko odsustvo i bolovanja preko 42 dana unosi se ukupan fond sati za mjesec za koji se isplaćuje naknada.
8	Bruto plaća	Upisati iznos bruto plaće (iznos naknade za rad koji sadrži obavezne doprinose iz osnovice i porez na plaću) ili iznos bruto naknade za porodijsko odsustvo ili bruto iznos naknade za bolovanja preko 42 dana ili utvrđeni iznos osnovice za obračun doprinosa za detaširane zaposlenike.
9	Koristi i drugi oporezivi prihodi od nesamostalne djelatnosti	Bruto vrijednosti primanja u skladu sa članom 10., st. 2. i 3. Zakona o porezu na dohodak koje čine neto vrijednosti odnosno tržišne vrijednosti koristi uvećane za doprinose iz osnovice
10	Ukupan oporezivi prihod od nesamostalne djelatnosti	Zbir vrijednosti kolona 8. i 9.
11	Uplaćeni iznos doprinosa iz osnovice za penzijsko i invalidsko osiguranje	Uplaćeni iznos za penzijsko i invalidsko osiguranje na teret osiguranika (iz osnovice). invalidna lica koja su zaposlena u privrednom društvu, ustanovi ili radionici za radno i profesionalno osposobljavanje i rehabilitaciju invalida, unosi se nula.
12	Ime i prezime	Ime i prezime lica kojem je isplaćena plaća / naknada.
13	Uplaćeni iznos doprinosa iz osnovice za zdravstveno osiguranje	Uplaćeni iznos za zdravstveno osiguranje na teret osiguranika (iz osnovice). Za invalidna lica koja su zaposlena u privrednom društvu, ustanovi ili radionici za radno i profesionalno osposobljavanje i rehabilitaciju invalida, unosi se nula.
14	Uplaćeni iznos doprinosa iz osnovice za osiguranje od nezaposlenosti	Uplaćeni iznos za osiguranje od nezaposlenosti na teret osiguranika (iz osnovice). Za invalidna lica koja su zaposlena u privrednom društvu, ustanovi ili radionici za radno i profesionalno osposobljavanje i rehabilitaciju invalida, unosi se nula.
15	Ukupan iznos uplaćenih doprinosa iz osnovice	Zbir vrijednosti kolona 11, 13 i 14.
16	Prihod umanjn za uplaćene doprinose iz osnovice	Razlika kolona 10 i 15.
17	Faktor ličnog odbitka prema poreznoj kartici	Ukupni faktor ličnog odbitka prema poreznoj kartici. Za neoporeziva primanja / naknade i isplate bez primjene ličnog odbitka upisati nulu.
18	Iznos ličnog odbitka	Proizvod kolone 17 i osnovnog mjesečnog ličnog odbitka u iznosu od 300,00 KM.
19	Osnovica poreza	Razlika kolona 16. i 18. Za neoporeziva primanja / naknade upisati nulu. Za isplate bez primjene ličnog odbitka upisati vrijednost iz kolone 16. U slučaju da poslodavac/isplatiac isplaćuje naknade za porodijsko odsustvo i bolovanja preko 42 dana preko zakonski utvrđenog iznosa, unosi se oporeziva osnovica za obračun poreza.
20	Iznos poreza	Proizvod kolone 19. i stope poreza, odnosno 0,1.
21	Broj radnih sati sa uvećanim trajanjem	Ukoliko je zaposlenik radio na mjestu za koje je propisano uvećano trajanje („beneficirani radnih staža“), potrebno je upisati broj sati koje je zaposlenik proveo na tom mjestu u periodu u kojem je nastala obaveza plaćanja. Ovaj broj sati ne može biti veći od broja sati u koloni 6.
22	Stepen uvećanja	Upisati stepen uvećanja radnog staža. Npr. ako za 12 mjeseci zaposlenik ostvari 14 mjeseci staža, upisati „14/12“.
23	Šifra radnog mjesta sa uvećanim trajanjem	Upisati šifru radnog mjesta za staž sa uvećanim trajanjem prema šiframiku PIO/MIO.

U obrazac mjesečnog izvještaja unose se podaci navedeni pod br. 1. do 28 u MIP-1023, a koji se odnose na prihode i i obračunate i uplaćene obaveze doprinosa i akontacije poreza na dohodak za mjesec i godinu naznačenu u polju "Porezni period"		
Dio 1 – Podaci o poslodavcu / isplatiocu i poreznom obvezniku Ovaj dio sadrži podatke o poslodavcu / isplatiocu prihoda i kontrolne sume		
1	JIB/JMB poslodavca/isplatioca	Osnovni jedinstveni identifikacijski broj poslodavca /isplatioca prihoda odnosno uplatioca doprinosa, dodijeljen od strane Porezne uprave. Čak i ukoliko je uplatilac doprinosa organizacijska jedinica, potrebno je upisati JIB osnovne jedinice. JMB upisati samo u slučaju ukoliko poslodavac / isplatiac nema dodijeljen JIB. Izuzetno, isplatioci naknada bolovanja preko 42 dana i isplatioci naknada za porodijska bolovanja podnose obrazac MIP-1023 samo za isplate korisnicima i to na JIB poslovne/ organizacione jedinice koja isplaćuje naknade
2	Naziv	Naziv poslodavca / isplatioca. Ukoliko se u polje 1 upisuje JMB, u ovo polje je potrebno upisati ime i prezime poslodavca / isplatioca
3	Šifra djelatnosti	Upisati šifru osnovne registrovane djelatnosti.
4	Broj zaposlenih	Poslodavci upisuju broj zaposlenih koji bi trebao da odgovara broju redova unesenih u dio 2. Zavodi zdravstvenog osiguranja i Centri za socijalni rad upisuju ukupan broj zaposlenika i osiguranika kojima se direktno isplaćuje naknada za bolovanja preko 42 dana odnosno naknada za trudnička bolovanja
5	Ukupan prihod	U ovo polje je potrebno upisati zbir vrijednosti iz polja 10 sa svih listova
6	Ukupan iznos doprinosa	U ovo polje je potrebno upisati zbir vrijednosti iz polja 15 sa svih listova.
7	Ukupan iznos ličnog odbitka	U ovo polje je potrebno upisati zbir vrijednosti iz polja 18 sa svih listova.
8	Ukupan iznos poreza	U ovo polje je potrebno upisati zbir vrijednosti iz polja 20 sa svih listova.
Dio 2 – Podaci o isplaćenim plaćama i drugim oporezivim naknadama, obračunatim, obustavljenim i uplaćenim doprinosima i akontaciji poreza na dohodak. Ovaj dio sadrži podatke za svakog zaposlenika kojem su u toku mjeseca isplaćena/e plaća/e ili drugi oporezivi prihodi po osnovu nesamostalne djelatnosti, naknade/a za porodijsko odsustvo i naknade za bolovanje preko 42 dana. Na listi je potrebno navesti sve zaposlenike koji su registrovani kod poslodavca/isplatioca. Doprinosi se smatraju u potpunosti uplaćenima samo ukoliko su uplaćeni za sve zaposlenike.		
1	Redni broj	Ne popunjavati
2	Vrsta isplate	Ovo polje može imati vrijednosti: <ol style="list-style-type: none"> 1. isplata samo plaće, 2. plaća, koristi i ostale isplate na koje se plaćaju porezi i doprinosi, 3. naknada za trudnička bolovanja / porodijsko odsustvo koju isplaćuje poslodavac za svoje zaposlenike (U slučajevima kada se ova naknada obračunava i isplaćuje u punom iznosu na teret poslodavca / isplatioca unosi se vrsta isplate 1), 4. naknada za trudnička bolovanja koju Centri za socijalni rad isplaćuju neposredno korisnicima, a za koju se uplaćuju doprinosi, 5. naknada za bolovanje preko 42 dana koju isplaćuje poslodavac za svoje zaposlenike, 6. naknada za bolovanje preko 42 dana koju Zavodi zdravstvenog osiguranja isplaćuju neposredno korisnicima, a za koju se uplaćuju doprinosi, 7. isplata plaće, drugih ličnih primanja i koristi invalidnih lica, koja su zaposlena u privrednom društvu, ustanovi ili radionici za radno i profesionalno osposobljavanje i rehabilitaciju invalida, 8. isplata doprinosa za detaširane zaposlenike (plaćaju porez na dohodak na stranoj teritoriji), 9. istovremena kombinacija vrsta isplata 1 i 3 ili 2 i 3, 10. istovremena kombinacija vrsta isplata 1 i 5 ili 2 i 5, 11. uplata doprinosa za penzijsko i invalidsko osiguranje federalnom Zavodu PIO/MIO za zaposlenike koji nesamostalnu djelatnost obavljaju na teritoriji Brčko distrikta, 12. uplata doprinosa za zdravstveno osiguranje i doprinosa za osiguranje od nezaposlenosti za rezidente Federacije BiH koji nesamostalnu djelatnost obavljaju na teritoriji Republike Srpske gdje se nalazi i sjedište poslodavca / isplatioca, 13. uplata doprinosa za PIO, doprinosa za zdravstveno osiguranje i doprinosa za osiguranje od nezaposlenosti za zaposlenike – rezidente Federacije BiH koji nesamostalnu djelatnost obavljaju na teritoriji Brčko distrikta gdje se nalazi i sjedište poslodavca – isplatioca, 14. istovremena kombinacija vrsta isplata 1 i 8 ili 2 i 8, 15. isplata plaće, koristi i ostalih isplata po članu 27. stav 5. Zakona.