

## INFORMATION ON STATE DUTIES FOR INTERESTED BUSINESS PARTIES IN THE MUNICIPALITY OF BOSANSKA KRUPA

The state-provided reliefs are defined as:

- 1. The Law on Income Tax - Article: 31** (Official Gazette of the Federation of Bosnia and Herzegovina No. 10/18)
- 2. The Law on Profit Tax - Article: 31; 32; 33 and 34** (Official Gazette of the Federation of Bosnia and Herzegovina No. 97/07)

1. By the Article 31 of the Law on Income Tax (Official Gazette of the Federation of Bosnia and Herzegovina No. 10/18), taxpayers who perform independent activities as basic or supplementary professions and who are not the subjects to value added tax, income tax can be determined and paid in lump sum for activities:

-crafting and related activities (if they perform craft activities and activities related to craftsmen, without the employing other people, and if the performance of the activity is based on skill, and not the means of performing the activity -home work, if they perform traditional old crafts and if they perform transport activities only with one means of transportation)

The Rulebook on the Application of the Law on Income Tax (Official Gazette of the Federation of Bosnia and Herzegovina No. 67/08), Article 50:

Taxpayers who are allowed to pay income tax in the lump sum, pay the income tax in the following monthly amounts:

1. taxpayers performing craft activities and activities related to craftsmen, without employing other persons - 70,00 KM
2. taxpayer that perform old and traditional crafts - 30,00 KM
3. taxpayers who are transporting passengers with only one means of transport - 50.00 KM
4. taxpayers which have cargo transportation with one means of transport up to 8 tonnes - 80.00 KM

Taxpayers who have been allowed to pay income tax in the lump sum, and in addition to cash traffic, occasionally with legal entities materialize cashless traffic, are obliged, in addition to the lump sum monthly, to pay a deduction tax of 10% of each individual amount of turnover with legal entities collected cashless.

The tax deducted and paid from the turnover materialized with a legal person is considered a final tax liability.

Taxpayers who pay income tax, from a self-employed activity, are liable to lump sums, are not obliged to maintain business books (revenue and expenditure book, traffic book, inventory of long-term assets and records of receivables and liabilities), except for taxpayers who only have transportation of passengers with only one means of transport, who are obliged to maintain a traffic book (form KP - 1042) and to record the non - cash turnover materialized with legal entities.

- agriculture and forestry (income realized through the use of natural resources of the country and the use of products obtained by carrying out these activities, which have characteristics of independent activity, are taxed as craft activities and related activities - prescribed by Article 51. Of the Rulebook on the application of the Law on Income Tax (Official Gazette of the Federation of Bosnia and Herzegovina number: 67/08)

- independent professions (independent activity of health workers, veterinarians, lawyers, notaries, auditors, tax advisers, independent accountants, engineers, architects, translators, tourist guides, and other similar activities, independent activity of scientists, writers, inventors, lecturers, , independent activity of journalists, artists and athletes - income can be realized jointly by a number of natural persons and taxable in accordance with Article 13-17 of the Law on Income Tax, that is, income from self-employment is the difference between operating income (all revenues obtained from any sources) and operating expenses (expenses paid during one tax period, which are related to the performance of this independent activity and depreciation as a fixed asset expense included in the list of non-current assets).

- other self-employed activities (activity of members of representative bodies, activity of members of assemblies and supervisory boards of companies, management boards, bankruptcy administrators and lay judges not having the status of employees in court, occasional independent activities-activity of scientists, artists, trade passengers according to Article 52 of the Rulebook on the application of the Law on Income Tax (Official Gazette of the Federation of Bosnia and Herzegovina No. 67/08), income is determined as the difference between the realized revenues and expenditures determined by Article 15, paragraphs 4 and 5 of the Income Tax Act.

**2.** The taxpayer are exempted from paying corporate profit tax, if they have materialized more than 30% of the total income realized in the year for which the tax is determined, Article 31 of the profit Tax Act (Official Gazette of the Federation of Bosnia and Herzegovina No. 97/07). Tax exemption applies for that year.

The taxpayers who are investing in production for 5 consecutive years in the value of at least 20 million BAM, in the territory of the Federation of Bosnia and Herzegovina, pursuant to Article 32 of the Law on Profit Tax, are exempted from income tax for the period of 5 years, starting from the first year investment, in which at least 4 million KM must be invested.

By implementing this article of the Profit Tax Act, the taxpayers are stimulated to invest in production and to achieve the prescribed censure for investment, otherwise they would lose the right to tax exemption and payment of default interest payable on non-timely paid public revenues.

Tax exemptions are also prescribed for taxpayers who employ more than 50% of people with disabilities and people with special needs, for more than one year, in such a way as to completely relieve the taxpayer from paying the profit tax for the year in which they employ more than 50% people with disabilities and special needs.

The taxpayers who earn profits on the territory of the Federation of Bosnia and Herzegovina, but are established outside the territory of Federation of BiH, or their headquarters and administration are located outside the Federation of Bosnia, but in Bosnia and Herzegovina, are exempted of paying profit taxes, by the Article 34 of the Law on Profit Tax.