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LAW ON TAX PROCEDURE OF THE REPUBLIC OF SRPSKA

CHAPTER I GENERAL PROVISIONS

Subject Matter of the Law Article 1

This Law governs the organisation and competences of the Tax Administration of the Republic of Srpska, rights and obligations of taxpayers, the tax procedure, payment of tax liabilities, regular and enforced collection of tax liabilities, as well as other forms of termination of tax liabilities, tax audit, special audit, legal remedy procedure and supervision in the tax field in the Republic of Srpska.

Definitions Article 2

Terms used in this Law have the following meaning:

- 1) tax is any payment obligation, which the taxpayer is obliged to pay to the budget of the Republic of Srpska, budgets of cities, municipalities and funds, which represents a compulsory levy and includes taxes, contributions, fees and charges,
- 2) surtax is any form of payment to the budget of the Republic of Srpska, municipality, city and funds ensuing from obligation to pay tax, including tax related interest, costs of procedure, and other payments prescribed by tax regulations, as well as minor offence fines,
- 3) tax liability is an obligation of payment of due taxes within deadlines prescribed by tax regulations,
- 4) tax debt is an outstanding tax obligation and surtax levy,
- 5) taxpayer is a natural or legal person, part of legal person, or other entity obliged to pay tax in line with tax regulations in the Republic of Srpska (hereinafter 'the Republic'),
- 6) tax agent is a person required by tax regulations to collect any tax from another person by withholding or any other method and pay such tax,
- 7) tax regulations are laws and bylaws pertaining to taxes and surtaxes or regulating payment of taxes and surtaxes, as well as all other laws and bylaws subject to inspection by the Tax Administration of the Republic of Srpska (hereinafter 'the Tax Administration'),
- 8) tax secret is any information about a taxpayer which is in possession of the Tax Administration, which may be disclosed to third parties only in the cases foreseen by this Law,

9) books and records are documentation pertaining to taxpayer's activities, transactions, payments, and income and expenditures, kept in accordance with tax regulations and regulations governing the field of accounting.

Application of the Law
Article 3

Provisions of this Law shall apply to tax procedure, and if an issue is not regulated hereunder, the provisions of regulations governing general administrative procedure shall apply.

Tax Secret
Article 4

(1) The Tax Administration shall provide security and confidentiality of tax information and data collected from taxpayers which might cause damage to the taxpayer in case of disclosure.

(2) Any person employed in the Tax Administration shall keep the data and information obtained in the course of performing work tasks as an official secret.

(3) Notwithstanding paragraph 2 of this Article, the Tax Administration shall give the data kept as official secret to:

1) republic administrative bodies and administrative organisations, bodies of local self-government units and institutions exercising public authority of the Republic, which shall keep the received data as an official secret,

2) competent court, competent public prosecutor's office and Ministry of the Interior,

3) foreign tax authorities in accordance with international agreements,

4) other persons upon written consent of the taxpayer,

5) tax administrations in Bosnia and Herzegovina in accordance with a special agreement.

(4) The Tax Administration shall provide the Ministry of Finance (hereinafter: 'the Ministry) with unhindered and continuous access to taxpayers' tax cards, as well as to other official records kept, and the Ministry shall keep this information as official secret.

(5) Tax secret shall not include:

1) information and data for which the taxpayer has specifically stated in writing that they are not to be considered a tax secret,

2) information and data given in such a form that they cannot be associated with an individual taxpayer, or otherwise identified,

3) name and identification number of taxpayer,

4) information and data which may be used in the investigation or procedure concerning tax crimes,

5) data from the Unified System for the needs of system users and pertaining to the scope of their work,

6) data from the Annual Certificate issued by the Tax Administration, if issued to a competent trade union at their request, for the purpose of protection of rights of workers,

7) data on due and outstanding liability of taxpayers, if issued to the public media or published on the Tax Administration's website in the form of activity report,

8) information and data shown aggregated or which were processed by a statistical method (average gross salary, average salary, total amount of contributions, taxes and similar data).

(6) Notwithstanding paragraph 3 of this Article, the Tax Administration shall issue data and information pertaining to the status of tax liabilities of a taxpayer, at written request, to a person which proves legal interest/

(7) Legal interest exists with a person having a legal relation with tax debtor and having certain receivables in relation to the tax debtor as a result of that legal relation.

CHAPTER II TAX PROCEDURE PRINCIPLES

The legality principle Article 5

(1) Tax Administration shall exercise its competence in a manner prescribed by this Law and other regulations.

(2) In cases when the Tax Administration is authorised to act based on its discretionary authorisations, it shall act in accordance with the purpose of those authorisations and within the scope of the Law.

(3) Tax Administration shall determine all facts relevant for adopting legal and correct decision, providing equal attention to all facts and circumstances, to those who are charging the taxpayer, as well as those who are in favour.

Principles governing the temporal application of the tax regulations Article 6

(1) Tax obligations is determined based on regulations which were in force in the time when it occurred, except if, in accordance with the Constitution and the Law, it is prescribed for certain provisions of the Law to have retroactivity.

(2) Activities in the tax procedure are governed by regulations which are in force in the time of its execution.

Factual Approach Principle Article 7

(1) Tax facts are determined according to its economic essence.

(2) If a certain legal activity (simulated legal activity) is covering another legal activity, for determining tax obligation legal activity which is being covered will be the basis (dissimulated legal activity).

(3) When revenue, that is asset was acquired contrary to the regulations, Tax Administration shall determine tax obligation in accordance with the law governing the relevant type of tax.

Principles of good faith
Article 8

- (1) Parties in the procedure shall act in good faith.
- (2) Frequency and duration of tax audit are reasonably limited.

Forced collection principle
Article 9

Tax Administration is obliged to, in the process of enforced collection, apply measures and means of enforced collection appropriate to the amount of tax debt, taking into consideration cost-effectiveness and efficiency of the tax obligation collection.

CHAPTER III
TAX ADMINISTRATION'S ORGANISATION AND COMPETENCIES

Tax Administration's organisation
Article 10

- (1) The Tax Administration is an administrative body of the Republic, a constituent part of the Ministry.
- (2) The Tax Administration is seated in Banja Luka.
- (3) Tax Administration organisation includes the central office, regional centres, local offices and temporary offices, as well as other organisational units as prescribed by the act on internal organisation and systematisation of workplaces in the Tax Administration.
- (4) The Tax Administration shall be managed by a director, to be appointed and dismissed by the Government.

Special Provisions on Responsibility of Tax Administration Employees
Article 11

- (1) Regulations governing employment and salaries in the administrative bodies of the Republic shall apply to the status under labour law and salaries of appointees and employees in the Tax Administration.
- (2) In addition to serious misconduct established by the regulation governing the status under labour law of civil servants and non-civil servants in the administrative bodies of the Republic, the civil servants and non-civil servants in the Tax Administration shall also be liable for a serious misconduct if they:
 - 1) refuse to provide free-of-charge information to taxpayers at their request,

- 2) fail to issue tax certificate within the prescribed deadline, i.e. fail to issue decision on refusal without objectively justified reason,
- 3) fail to timely update the data entered into tax records,
- 4) fail to timely undertake prescribed measures pertaining to collection of tax liabilities,
- 5) fail to deliver to taxpayer a notice on overpaid taxes, within the prescribed deadline,
- 6) purposely or out of gross negligence make an incorrect record of taxpayer's liability in tax records.

(3) Director of the Tax Administration shall issue a Rulebook on internal organisation and systematisation of workplaces in the Tax Administration, which is to be approved by the Government.

Tax Administration Competence

Article 12

- (1) Tax Administration shall be competent for the following:
 - 1) registering and identifying taxpayers,
 - 2) establishing and maintaining registry of taxpayers,
 - 3) assessing tax liability in line with the law,
 - 4) auditing legality and regularity in the application of tax regulations, including calculation and payment of taxes and interest,
 - 5) auditing legality and regularity in the application of special regulations, when authorised by such regulation,
 - 6) regular and enforced collection of taxes and surtaxes,
 - 7) auditing calculations of gross salaries of employees for the purpose of this Law and provisions of the General Collective Agreement and other agreements concluded in reference thereto,
 - 8) detecting and preventing perpetration of crimes and tax violations within the scope of its competence, and filing reports to the competent prosecutor's office,
 - 9) conducting first instance tax procedures,
 - 10) imposing protection measures and penalties for tax violations, in line with the law,
 - 11) keeping tax records and tax books,
 - 12) keeping the fiscal real estate register and other prescribed registers,
 - 13) keeping of the Unified System of Contribution Registration, Control and Collection,
 - 14) issuing certificates of residence to natural and legal persons,
 - 15) informing and educating taxpayers, at their request, about current taxes, procedures and tax payment requirements, their rights and obligations, and tax regulations,
 - 16) issuing certificates pertaining to data kept in its official records,
 - 17) conducting audit of games of chance organizers regarding payment of tax liabilities and organizing games of chance within tax audit,
 - 18) preparing activity reports and publishing them on the web page of the Tax Administration,
 - 19) other tasks in accordance with the Law.
- (2) In addition to the competences referred to in paragraph 1 of this Article, the Tax

Administration shall be competent also for the inspection of the obligation of registration of business entities in accordance with the law governing the work of inspections in the Republic of Srpska.

(3) Minister of Finance (hereinafter: 'the Minister') shall issue a Rulebook on form, content and manner of drafting and publishing the activity report of the Tax Administration.

Obligation to Provide Professional Assistance Article 13

(1) Republic administrative bodies, organisations, public enterprises, institutions and funds shall provide necessary professional assistance to the Tax Administration for the purpose of implementation of tax regulations.

(2) Ministry of Interior shall, on request of the Tax Administration, provide assistance to the Tax Administration in audit procedures and tax collection.

(3) Coordination of activities between Republic Administration for Inspection Activities, Ministry of Interior and Tax Administration is performed by working body, appointed by the Government in accordance with the law governing inspection activities in the Republic.

International Legal Assistance in Tax Matters Article 14

(1) The Tax Administration has the right to seek international legal assistance in its work.

(2) For the purpose of this Law, international legal assistance means the right of the Tax Administration to refer to a foreign tax body with a request for assistance in resolving a certain tax case, as well as to deliver to this body available information and documents pertaining to a specific taxpayer.

(3) Provision of international legal assistance shall be based on international agreements.

(4) If no international agreement has been concluded, legal assistance shall be provided if there is reciprocity, delivery of information does not endanger public order and other interests of the Republic, there is no danger of disclosing official, commercial, industrial, technological or professional secrets, and delivery of information shall not cause damage to taxpayer which is inconsistent with the purpose of the legal assistance.

(5) The person to which the information and documents relate shall be notified before the delivery of information and documentation to a foreign tax authority.

Unified System of Registration, Control and Collection of Contributions Article 15

(1) The Tax Administration manages the Unified System of Registration, Control and Collection of Contributions (hereinafter: 'Unified System') which is an administrative and technical system enabling the Tax Administration to register, control and collect contributions and gather data from contribution payers and beneficiaries.

(2) The Unified System users are Health Insurance Fund of the Republic of Srpska, Pension and Disability Insurance Fund of the Republic of Srpska, Public Fund for Child Care of the Republic of Srpska, and Employment Bureau of the Republic of Srpska (hereinafter 'System users').

(3) Contribution payers and beneficiaries shall be subject to registration with the Unified System.

(4) Database of the Unified System is a unique record of all contribution payers and beneficiaries, data necessary to control payment of contributions and data for exercising the rights ensuing from compulsory and voluntary insurance.

(5) The Unified System produces reports on risky contribution payers and identifies the payers which are avoiding payment, underpaying or underreporting contributions, or failing to file the application for registration with the Unified System.

(6) The Tax Administration shall provide to Unified System users unrestricted access to Unified System database, transfer and use of data from their respective scope of competences.

(7) The Tax Administration shall issue to contribution beneficiaries an annual certificate from the Unified System, containing data on period of insurance, amount of paid or unpaid contributions and amount of earnings.

(8) The Tax Administration shall keep documentation from the Unified System for the same period as the documentation from pension and disability insurance and maintain an information system which enables storing, using and reconstructing data from the Unified System database even in case of consequences of force majeure, and maintain an information system which meets the minimum requirements for functioning of the Unified System at a different location, which is at least 50 kilometres air distance from the primary database location at the territory of the Republic.

(9) The Minister shall, on the proposal of the Tax Administration's director, issue a Rulebook prescribing registration procedure in the Unified System, maintaining database and risk categorisation of contribution payers.

Unified Records of Reported and Paid Taxes

Article 16

(1) The Tax Administration shall keep the Unified Records of Reported and Paid Taxes.

(2) The Unified Records of Reported and Paid Taxes is a sub-ledger providing for the establishment and maintenance of analytical data on taxpayer liabilities.

(3) Individual records on each taxpayer's total liabilities and payments shall be provided by means of a unique taxpayer card.

(4) A document issued based on the data from the Unified Records of Reported and Paid Taxes constitutes a public document.

(5) The Tax Administration shall keep the records in a unique information system.

(6) Within its information system, the Tax Administration shall regulate and provide for processing, coding, transfer and rendering of data.

(7) Bookkeeping records of taxpayer liabilities in the General Ledger of the Treasury of the Republic of Srpska shall be made on the day of balance of accounts, based on a report from the Unified Records pertaining to reported and paid taxes.

Tax Certificate

Article 17

(1) The Tax Administration shall issue a written or electronic certificate on facts kept in its official records using the data contained in the unified taxpayer card.

(2) A tax certificate shall be issued at verbal, written or electronic request of the taxpayer, his/her legal representative or proxy, without delay, at the latest within eight days from the day of submitting of the request.

(3) If the Tax Administration refuses the request for tax certificate, it shall issue a special decision thereabout, against which an appeal may be lodged with the Ministry, within 15 days from the day of delivery of the decision.

(4) In case the Tax Administration fails to issue the certificate within the 15 days from the day of submitting the request for issuing the certificate, and fails to issue a decision on refusal of the request, the taxpayer has the right to appeal to the Ministry within 15 days from the date of receipt of the decision, as if the request had been refused.

Tax Board Article 18

(1) The Tax Board shall be in charge of coordination of activities and processes between the competent representatives of business community (representatives of Chamber of Commerce, Employers Union) in the Republic, the representative majority trade union, and representatives of the Government, in matters relevant for the application of tax laws and improvement of business ambience in the Republic.

(2) The Tax Board, as an advisory body, shall be appointed by the Government and shall include two representative of the business community, one representative of a representative majority trade union in the Republic and three representatives of the Government, namely professionals from the field of taxes and tax system.

(3) The Tax Board shall examine issues relevant for tax treatment and taxation of businesses and other taxpayers in the Republic, and provide expert opinions and proposals for resolution of issues referred to in paragraph 1 of this Article.

(4) Tax Board members shall be appointed on a two-year term.

Rights and Obligations of Taxpayers Article 19

Taxpayer shall have the right and the obligation to:

1) register with the Tax Administration and report any real estate to the fiscal register of real estate, as well as to report to the respective office of registration any change of address or change of company organisation as well as any change of other data subject to registration with the Tax Administration,

2) obtain free copies of tax forms,

3) file tax returns in the format, place and at the time prescribed by the Law,

4) settle tax liabilities in the manner and under the terms laid down by the Law,

5) obtain from the Tax Administration free information pertaining to taxes, as well as to tax regulations governing payment procedures and payment terms for tax liabilities,

6) elect the bookkeeping method in line with tax regulations for the purpose of calculation and payment of taxes, keep books and records as prescribed by tax regulations, and ensure the maintenance of such books and records, including associated computerised records and files, for five years from the due date of the tax liability or declaration of the tax to which the books and records relate,

7) as a legal person or organisation seated in the Republic, i.e. as a foreign legal person or organisation producing income in the Republic, inform the Tax Administration about opening or closing any bank account in the country or abroad, within five days from the day of registration.

8) represent own interests in a tax procedure, personally or through a representative or a proxy,

9) provide explanation to the Tax Administration with regard to calculation and payment of taxes,

10) be present at all audits, in line with the Law,

11) make available or submit to the Tax Administration all documents required for audit procedure,

12) not hinder any officials of the Tax Administration in conducting their duties established by law,

13) perform other rights and obligations established by the Law.

CHAPTER IV TAX PROCEDURE

Tax Procedure Concept Article 20

(1) Tax procedure is an administrative procedure managed by the Tax Administration in the first instance, and by the Ministry in the second instance.

(2) Tax procedure shall include:

1) registration,

2) filing and assessment of tax liabilities,

3) issuing tax certificate,

4) regular collection of tax liabilities,

5) enforced collection of tax liabilities,

6) tax audit,

7) second-instance tax procedure.

Initiation of Tax Procedure and Acts Article 21

(1) Tax procedure shall be initiated ex officio, i.e. as per request of a party.

(2) Tax act is tax decision, conclusion, tax return, tax account, tax audit order, tax audit report, and other acts used to initiate, amend, change, or complete an action in tax procedure.

(3) Tax acts and submissions in a tax procedure can be delivered and submitted in electronic form.

(4) Appeal against a first-instance decision or conclusion may be lodged with the Ministry within 15 days from the day of delivery of the decision, i.e. conclusion, to the taxpayer.

Proxy in the tax procedure Article 22

(1) Proxy in tax procedure for legal entities can be a lawyer, law partnership company, law company, tax advisor, employee with that natural person.

(2) Proxy in tax procedure for natural persons can be a lawyer, law company, tax advisor, employee with a natural person performing self-employed activity, taxpayer's married partner or unmarried partner, blood relatives in direct line, second-degree relatives, caretaker, adopter or adoptee and their descendants living in the same household as the taxpayer.

Summons Article 23

(1) In conduct of tax procedure the Tax Administration may summon any person to make a statement or produce documents or other books and records necessary for the implementation and execution of tax regulations, in the capacity of a party in the procedure, an interested party or any other party deemed by the Tax Administration to be in possession of information or documentation relevant to the respective tax procedure.

(2) The summons shall contain the designation of tax case, the designation of ongoing procedure, the time and place for depositing of statement or production of documents, as well as rights and obligations of the summoned party, indication of capacity of the person summoned, consequences of failure to respond to summons, and accurate list of documentation in case a person is summoned for the purpose of producing documentation.

(3) The summons shall be served to the person at least five days before the date of taking of action in the procedure which is the subject of the summons.

(4) Minors or legally incapacitated subjects shall be summoned via legal representative.

(5) A summoned person is entitled to have his/her representative participate in the procedure of depositing statement and record the course of the action on the appropriate media.

(6) A written record of the statement shall be drawn up, signed and dated by the person conducting the procedure. A video or audio tape recorded during the procedure shall be attached to the written record.

(7) If a duly summoned person fails to respond to the summons, and fails to justify his/her absence, or if the summons cannot be duly served because of taxpayer's avoiding to receive the summons, the person shall be apprehended by the Tax Administration with the assistance of the Ministry of the Interior.

Delivery Article 24

(1) Tax acts shall be considered delivered when handed over to the taxpayer, his/her legal representative, his/her proxy for tax affairs or his/her ex officio representative, and in the case of state bodies, companies and other legal persons when handed over to a person in charge of receiving documents, or in his/her absence, to another person who is in any way whatsoever authorised for receiving documents.

(2) If the taxpayer is a natural person, i.e. natural person performing self-employed activity, tax acts shall be considered delivered also when handed over to an adult member of the household, or to a person employed with the respective natural person performing self-employed activity.

(3) Persons referred to in paragraph 1 of this Article shall have their tax acts delivered in person, via postal services or a courier service using a delivery note.

(4) For the purpose of this Law, delivery of documents shall also be deemed regular in case the persons referred to in paragraph 1 of this Article refuse to receive or sign tax acts, if the person serving the acts makes an official note thereabout.

(5) Tax act can be delivered via e-mail if the taxpayer gave its consent to the manner of delivery, and to the e-mail address of the taxpayer stated in the tax registration or in his/hers last tax return, in accordance with this Law.

Evidence Article 25

(1) Facts pertaining to tax procedure shall be established from evidence.

(2) Means of evidence in tax procedure include tax return, business books and records, accounting statements, business documentation and other documents and information available to the Tax Administration, which were collected from the taxpayer or from third parties, testimonies, findings and opinions of court experts, crime scene investigation and any other means of evidence which enables establishing the facts.

(3) The official conducting tax procedure shall independently decide which facts to establish in the procedure and by which means of evidence, taking into account the cost-effectiveness and efficiency of the procedure.

(4) Minutes of presentation of evidence shall be prepared and make an integral part of the tax audit report.

Tax Base Assessment by Estimate Article 26

(1) Tax Administration can determine tax base by estimate when at least one of the following conditions is fulfilled:

- 1) taxpayer did not submit tax return or returns,
- 2) taxpayer's business books were not available or were incomplete or do not allow correct estimate of tax base,
- 3) existence of evidence on real estate, obligations or expenses which cannot be explained by reported income available to the taxpayer.

(2) The Tax Administration shall decide at its discretion, and taking into account the efficiency and effectiveness of the procedure, which manner or manners to use to estimate the tax base.

(3) Tax base estimate shall be based on objectivity, taken into consideration circumstances concerning specific taxpayer.

(4) Burden of proving justification of tax base assessment by estimate is on Tax Administration.

(5) If the taxpayer does not agree with the assessment or if he/she or some other person states that certain property or assets were acquired through inheritance, gift or other lawful, unencumbered manner, burden of proving is on the taxpayer or other that other person, which are obliged to provide relevant material evidence on the issue.

(6) Tax base determined in accordance with this Article shall represent undeclared income.

Indirect methods for assessing tax base by estimate
Article 27

(1) Indirect assessment of tax base by estimate is conducted through application of the following methods:

- 1) comparing method,
- 2) cross-assessment method,
- 3) bank deposits and cash expenditures method,
- 4) method of source and use of funds, i.e. method of excess revenue or report on flow of funds,
- 5) method of positive difference between gross income by percentage,
- 6) method of units of products or goods and scope of activities.

(2) While applying methods referred to in paragraph 1 of this Article other parameters, statistical data, information and other data can be used such as:

- 1) reference parameters and statistical data within certain activities, business standards or profiles,
- 2) information from third persons such as financial institutions, agencies, stock markets or brokers, real estate traders and sales agents and similar.

(3) The Minister, on the proposal of the Tax Administration's director, shall issue a Rulebook determining procedure and manner of application of indirect methods for assessing tax base.

CHAPTER V
TAXPAYER REGISTRATION PROCEDURE

Place and Manner of Registration
Article 28

(1) The Tax Administration shall register taxpayers.

(2) Taxpayers and tax proxies shall register with the Tax Administration at the place, time, and in the manner laid down in this Law and other regulations governing procedure of registration of business subjects in the Republic of Srpska.

(3) Registration with the Tax Administration shall constitute, at the same time, registration with the Unified System of Contribution Payers.

(4) Taxpayer registration application shall include the Taxpayer's Identification Number, the taxpayer's principal place of business, the location of the taxpayer's books and records, as well as other relevant information to be supplied in the registration form, if not otherwise stipulated by special regulations.

(5) If not registered with the Tax Administration through Unified system for business subjects registration in the Republic of Srpska (hereinafter: 'UIS') in accordance with the law regulating business subjects registration in the Republic of Srpska, taxpayer – legal entity and organization shall in the addition to the application for registration submit to the Tax

Administration decision on registration of persons with attachments, taxpayer – natural person performing self-employed activity shall deliver decision on registration issued by a competent authority, as well as other documentation prescribed by the law and bylaw, if otherwise not stipulated by a special regulation.

(6) When registering, contribution payers shall submit the application including the evidence of the origin of contribution payer's liability.

(7) A Taxpayer Identification Number shall be deregistered at taxpayer's request, following the settlement of all tax liabilities.

Taxpayer Identification Number Article 29

For the purpose of identification of taxpayers, the Tax Administration shall issue Taxpayer Identification Numbers (TIN) to taxpayers during the registration procedure.

Persons Obligated to Have the TIN Article 30

(1) The following persons shall have a Taxpayer Identification Number:

- 1) legal person or another entity seated in the Republic,
- 2) foreign legal person or another entity producing income in the Republic,
- 3) natural person which has no permanent or temporary place of residence in the Republic, but produces income in the Republic,
- 4) natural person performing self-employed activity,
- 5) establishment of a foreign legal person in the Republic,
- 6) establishments of legal persons seated in the Federation of Bosnia and Herzegovina and Brčko District.

(2) An establishment of a foreign legal person is establishment as defined under the provisions of regulations governing corporate income tax.

(3) The establishment referred to in paragraph 2 of this Article shall be subject to the provisions of this Law pertaining to legal persons, unless otherwise prescribed by this Law.

(4) Natural person, i.e. taxpayer with permanent place of residence in the Republic shall register with the Tax Administration using the citizen's personal identification number, or be assigned a Personal Identification Number (hereinafter 'the PIN') by the Tax Administration.

Denial and Cancellation of TIN Article 31

(1) The Tax Administration shall not assign TIN to the following persons:

- 1) legal person under establishment, founded by a legal or natural person or their related persons having due outstanding tax liabilities,
- 2) legal person under establishment, founded by a natural person which is simultaneously the founder of another legal person with the share in ownership of at least 25%, or a natural person performing entrepreneurial activity (entrepreneur) and that other legal person or entrepreneur having due outstanding tax liabilities,

3) legal person created by status change in accordance with the law governing the operation of companies, if the legal person which is the subject of the status change has due outstanding tax liabilities,

4) natural person performing self-employed activity having due outstanding tax liabilities,

5) natural person performing self-employed activity undergoing registration procedure, if the natural person is at the same time also the founder of a legal person with the share in ownership of at least 25% and that legal person has due outstanding tax liabilities,

6) legal person or natural person performing self-employed activity whose registration application contains data which are not credible, or a measure of prohibition of performance of that activity has been ordered against the founder.

(2) Notwithstanding paragraph 1 of this Article, the Tax Administration shall assign TIN if the due outstanding tax liabilities are less than BAM 1,500 and if these liabilities are settled within eight days of the day of submitting the request for the assigning of TIN, i.e. an irrevocable bank guarantee or acceptance endorsed by a commercial bank is provided within that period.

(3) If during an audit procedure the Tax Administration establishes that at the time of assigning of TIN there were obstacles to its assigning referred to in paragraph 1 of this Article, the Tax Administration shall temporarily cancel the assigned TIN by decision, pending removal of those obstacles, and deliver a copy of the decision to the bank which keeps the main account of the taxpayer.

(4) In case of temporary cancellation of TIN, the bank shall suspend the execution of taxpayer's orders for transfer of assets from the payer's account, as of the moment of receipt of the decision referred to in paragraph 3 of this Article, except for the purpose of settling taxes and surtaxes.

(5) At the request of the taxpayer, the Tax Administration shall assign the same TIN again, after removal of obstacles which caused its temporary cancellation.

(6) Restrictions referred to in paragraph 1 of this Article shall not refer to associations of property owners, associations of citizens and foundations established in order to perform non-profitable activity.

Tax Administration's obligations in electronic registration procedure Article 32

(1) In the procedure of taxpayer's electronic registration Tax Administration shall immediately or at latest within three days from the day of receiving the application for taxpayer registration, provide temporary TIN to registered person.

(2) In cases referred to in paragraph 1 of this Article, Tax Administration shall conduct process for determining if there are obstacles for granting TIN in terms of Article 31 of this Law.

(3) If the Tax Administration determines that during the period of temporary TIN referred to in paragraph 1 of this Article there were obstacles for its assigning in terms of Article 31 of this Law, it will, by decision, cancel assigned TIN pending removal of those obstacles, and deliver a copy of the decision to the bank which keeps the main account of the taxpayer.

(4) If the Tax Administration determines during the procedure referred to in paragraph 2 of this Article that there are no obstacles for assignment of TIN, temporary TIN shall be deemed finite.

Obligation to Enter TIN Article 33

(1) The person required under tax regulations to submit a tax return, statement or other document to a tax body shall include the Taxpayer Identification Number in the tax return, statement or other document.

(2) Unless otherwise provided in tax regulations, the Taxpayer Identification Number shall be unique and the only number of the respective taxpayer for all taxes and surtaxes.

Establishments, Representative Offices, Principal Places of Business Article 34

(1) Legal entity, other subject or self-employed person from the Republic whose principal place of business is in the Republic shall register with the organisational unit of the Tax Administration whose jurisdiction includes that principal place of business.

(2) Legal person or other entity from the Republic whose principal place of business is outside the Republic shall register with the head office of the Tax Administration.

(3) For the purpose of paragraph 1 of this Article, the principal place of business shall be the place of business registered as taxpayer's principal place of business – natural person self-employed, where more than one business activity is registered for which the taxpayer is obliged to decide on principle place of business.

(4) Principal place of business, in terms of paragraph 2 of this Article shall be a place of business activities of registered business unit, except in cases where legal entity or other subject registered more than one business units in the Republic of Srpska, in which case the taxpayer is obliged to determine which business unit shall be the principal place of business.

(5) Taxpayer referred to in paragraph 3 and 4 of this Article shall be obliged to report change of principle place of business at the latest until the end of the year in which the change was made.

(6) Representative office of a foreign legal person or other entity in the Republic shall register with the organisational unit of the Tax Administration whose jurisdiction includes the location of the principal place of business of that representative office.

(7) The provisions of paragraphs 1, 2, 3, 4, 5 and 6 of this Article shall apply unless otherwise provided by special regulations.

Registration Application Article 35

(1) The application for taxpayer registration referred to in Article 28 of this Law shall be submitted to the Tax Administration within eight days from the date of registration with the bodies in charge of registration of legal persons, other entities or natural person self-employed, except taxpayers registered with Tax Administration through UIS.

(2) If a taxpayer fails to file the registration application within the period stipulated in paragraph 1 of this Article, the Tax Administration shall conduct a registration ex officio, if it possesses information pertaining to effective obligation to register.

(3) If the taxpayer referred to in Article 34 of this Law changes its principal place of business, ownership structure, status or legal form, that taxpayer shall notify the Tax Administration thereabout in writing, within eight days.

(4) If the taxpayer referred to in Article 34 of this Law changes its principal place of business and the new principal place of business is within the jurisdiction of a different organisational unit of the Tax Administration, then the taxpayer shall notify the Tax Administration thereabout within eight days, and the Tax Administration's organisational unit shall conduct ex officio registration with the organisational unit located at the territory of the new principal place of business of the taxpayer.

Real Estate Registration in the Fiscal Real Estate Register

Article 36

(1) The Tax Administration shall establish and maintain a fiscal real estate register in accordance with this Law and regulations governing the real estate tax.

(2) Taxpayers shall declare real estate for the fiscal real estate register on the basis of applications for real estate registration.

(3) In case a taxpayer fails to file a real estate registration application, the Tax Administration shall register the real estate ex officio.

Unified System Registration Application

Article 37

(1) A contributor shall be registered with the Unified System on the basis of the application submitted to the Tax Administration by the contribution payer on the prescribed form.

(2) The application for registration of the contributor (employee) with the Unified System shall be filed by the contribution payer (employer), at the latest one day before the starting date of employment with the employer, given in the employment contract or another act on which the employment is based.

(3) Voluntary contribution payer shall file the application for registration with the Unified System according to the place of residence, within eight days of the starting date of insurance given in the act of the competent insurance fund.

(4) Contribution payers not mentioned in paragraphs 2 and 3 of this Article shall submit the application for contributor registration with the Unified System at the latest on the day of creation of the legal basis for the obligation to pay contributions.

(5) Notwithstanding paragraphs 2 and 4 of this Article, the application for registration with the Unified System may be filed by the contributor if the contribution payer fails to do so upon expiry of deadline for application filing in the manner and under conditions set by this Law.

(6) The application for contributor registration must be accompanied with proof of the legal basis for the obligation to pay contributions.

Taxpayer Deregistration

Article 38

(1) The Tax Administration shall deregister a taxpayer, at taxpayer's request, following a tax audit and after establishing that the respective taxpayer has paid all his/her tax liabilities.

(2) The Tax Administration shall deregister a contributor based on the contribution payer's application, after it establishes that the basis for contributions payment has ceased.

(3) Notwithstanding paragraph 2 of this Article, the Tax Administration shall deregister a contributor from the Unified System ex officio or at contributor's request in the following cases:

1) when the contribution payer has ceased its business operations based on a decision issued by the competent body, and has failed to submit the deregistration application,

2) if, when registering for the Unified System, the duration is clearly stated of the employment or relation similar to employment which produces the obligation to pay contributions (temporary and casual employment, probationary employment, employment for a definite period of time, service contract, etc.),

3) at contributor's personal request if he/she holds a legally justified interest in doing so in line with the law, regardless of whether the contribution payer has settled all the liabilities pertaining to contributions for the respective contributor.

(4) The events referred to in paragraph 4 of this Article shall not require submitting of application for deregistration from the Unified System or delivery of evidence of termination of the legal relation which produced the obligation to pay contributions.

Obligation to Provide Data Article 39

(1) Agency for Intermediary, IT and financial services, local self-government body, or another body responsible for entry of persons performing an economic or professional activity into the appropriate register, shall notify the Tax Administration about entry into the register, deletion, or entry of any change into the respective register, within five days following the date of the entry, change or re-entry.

(2) An administrative body keeping the records of permanent or temporary place of residence, or birth or death of natural persons shall inform the Tax Administration about the registration or deregistration of permanent or temporary residence, or death within five days.

(3) Conditions for the manner and procedure of identification and registration of taxpayers, as well as forms used for registration, shall be prescribed by a rulebook to be issued by the Minister, at the proposal of the director of the Tax Administration.

Taxpayer Account Opening Article 40

A bank or another organisation performing payment transactions (hereinafter 'the bank') may open an account for the taxpayer - legal person, part of a legal person or entrepreneur, only if the taxpayer provides the certificate of registration with the Tax Administration.

CHAPTER VI SPECIAL CASES OF TAXPAYER'S LIABILITY

Liability Settlement by Tax Agent Article 41

Taxpayer's tax liability which a tax agent is obliged to pay in accordance with tax regulations, shall be the tax agent's liability from the moment he/she collects it from the taxpayer.

Responsibility of a Legal Successor Article 42

(1) Tax liability of a legal entity or another entity which is being liquidated due to status changes shall be settled by its legal successor in compliance with regulations governing company operation.

(2) Deadline for settlement of tax liability of a legal entity being liquidated due to status changes shall not change once the settlement of the liability has been transferred to its legal successor.

(3) Change of legal form of a legal entity shall not affect the settlement of tax liability.

Responsibility of an Heir Article 43

(1) Tax liability of a deceased person (testator) shall be settled by his/her heirs up to the value of inherited property.

(2) In case there are several heirs, they shall be jointly and severally liable for the debts of the testator, namely each up to the value of his/her inheritance share.

(3) If the inherited property is insufficient to settle the total amount of tax liability of the testator, the outstanding amount of the tax liability shall be written off.

Secondary tax liability Article 44

(1) Secondary tax liability is an outstanding tax liability of another taxpayer or and outstanding secondary tax liability of another taxpayer.

(2) Following entities are responsible for the secondary tax liability:

1) legal representative which fails to fulfil its obligation to pay the taxpayer's tax, knowingly or due to lack of diligence, even though he was able to do so, and for the amount of outstanding liability,

2) person abusing its power in performing its job activities, consequence of which is an inability to pay that person's or other person's tax,

3) person contributing or helping in tax avoidance to another person for the amount of tax debt of that another person which is not paid,

4) person responsible for calculation and payment of tax, for the amount of unpaid tax, in cases where it is determined that such person did not act with due diligence,

5) natural person, responsible within the legal entity, calculating and paying the tax which fails to pay the tax, responsible for the amount of unpaid tax, in cases where it is determined that such person did not act with due diligence,

6) person which took part in creating and delivering untruthful and inaccurate identifications or which maintained business books in an incomplete, untruthful and untimely manner, for the amount of less unpaid tax which occurred as a consequence of his/her activity,

7) person which received cash funds, items or rights from the taxpayer's asset through transaction free of charge or through a transaction with a price lower than that on the market, within five year before the unpaid taxpayer's tax liability matured, and for the amount of unpaid amount, at the most up to the asset's price, decreased by the already paid amount.

8) person which to his favour or to some other person's favour decrease taxpayer's asset, or which contributes or helps the taxpayer to decrease its assets, even if it knew or it must have known that the taxpayer will not be able to settle its tax liabilities,

9) person which with its actions in any way, contrary to the regulations, puts another trustee in a more favourable position in relation to tax liabilities,

10) person whose activities led to taxpayer's tax not being paid, especially: redirecting cash flows onto other legal and natural persons in order to avoid tax payment, exploiting taxpayer in order to achieve forbidden goals which he cannot achieve, decrease or disposal of taxpayer's asset, if any of such activity had an inability to pay the taxpayer's tax as a consequence.

(3) Paragraph 2, point 7) of this Article shall be applied in case where a person received asset from the taxpayer – legal entity, if direct or indirect share of that person in taxpayer's capital is or was at least 10%.

(4) Secondary tax liability includes interest and enforced collection expenses, if not prescribed otherwise.

Determining and collection of tax based on secondary tax liability Article 45

(1) Tax based on secondary tax liability referred to in Article 44 of this Law shall be determined by the Tax Administration by a decision.

(2) Decision referred to in paragraph 1 of this Article shall not be issued if the tax obligation ceased to exist in a manner prescribed by this Law.

(3) If otherwise not stipulated by the Law, decision referred to in paragraph 1 of this Article shall be issued only if the total amount of the taxpayer's tax was not collected through enforced collection.

(4) Limitations referred to in paragraph 3 of this Article shall not be applied in cases referred to in Article 44, paragraph 2, points 2), 3), 4), 5) and 10) of this Law.

(5) Decision on determining tax based on secondary tax liability referred to in paragraph 1 of this Article, shall order persons responsible for secondary tax liability to settle the determined tax within 30 days from the day when the decision was delivered.

(6) If the person responsible for secondary tax liability does not settle the tax and surtax based on the secondary tax liability within prescribed deadline, Tax Administration shall issue a warning to that person in accordance with the Law.

(7) Enforced collection of tax and surtax based on the secondary tax liability, determined by a decision referred to in paragraph 1 of this Article shall be performed in accordance with this Law.

CHAPTER VII

PROCEDURE FOR REPORTING AND ASSESSING TAX LIABILITIES

Tax Return Definition and Filing

Article 46

(1) Tax report is a taxpayer's report to the Tax Administration pertaining to income produced, expenditures incurred, profit, property and other facts and acts relevant for the assessment of tax liability.

(2) A taxpayer shall file a tax return on a prescribed form, within the deadline established by regulations prescribing the obligation to pay specific types of taxes, with the organisational unit of the Tax Administration where the taxpayer is registered.

(3) A taxpayer, or taxpayer's legal representative or proxy, shall sign the tax return. If the tax return or a part of it was prepared by some other qualified person, then that qualified person shall also sign the tax return and enter his/her identification number.

(4) Tax return submitted in the electronic form shall be signed by a qualified electronic signature, electronic signature, or electronic signature issued by the Tax Administration.

(5) For the purpose of this Law, electronic signature shall have the same legal force and be equal with a handwritten signature and seal impression, if it is made in accordance with the provisions of the law governing electronic signature and if the signatory has accepted in writing to sign the electronic applications by electronic signature.

(6) If tax return is filed by mail, the date of its submission to the post office to be sent by registered mail shall be deemed the date of filing with the Tax Administration.

(7) Director of the Tax Administration, along with the Minister's approval, shall issue a rulebook prescribing procedure, manner and deadlines for submitting tax returns and registration applications.

Extension of Deadline for Tax Return Filing

(1) At a taxpayer's written request filed before the expiration of tax return filing deadline, the Tax Administration may extend the period for the submission of tax return for justifiable reasons (illness, stay abroad, accident, force majeure, etc.), until termination of those reasons, and at the latest up to three months from the day of expiry of legal deadline for tax return filing.

(2) The Tax Administration shall decide on the request for extension of filing deadline within eight days from the day of submitting of the request.

(3) The extension of tax return filing period shall not affect the due date for payment of tax liability.

Tax Return Amendment

Article 48

(1) A taxpayer may amend a previously filed tax return in order to correct an error or omission made in the original tax return.

(2) Amendment of the previously submitted tax return referred to in paragraph 1 of this Article, taxpayer can perform at the latest within a year from the end of the day in which the tax return was filed.

(3) If before the expiration of the deadline referred to in paragraph 2 of this Article tax audit is started, previously submitted tax return can be amended by the taxpayer at the latest until the day when the notification on tax audit was received, i.e. until the day when the tax audit started if the tax audit is performed without the notification.

(4) Notwithstanding paragraph 2 of this Article, taxpayer is obliged to submit a tax return amendment within 15 days from the day the decision became enforceable when, based on the facts determined by the decision of the Tax Administration or other body, it is necessary to perform amendment of the previously submitted tax return.

(5) Notwithstanding paragraph 2 of this Article, tax returns which include data directly relevant to realising rights from work relation and concerning work relation, they can be amended based on a final decision of a competent body within 15 days from the day of its final decision.

(6) Notwithstanding paragraphs 2, 4 and 5 of this Article, tax return can be amended at the latest before the past of the fulfilment of statute of limitation.

Tax Liability Due Date and Payment Article 49

(1) Tax liability shall be considered due on the date determined by tax regulations.

(2) Tax liability shall be paid directly by the taxpayer, except in cases where this Law or other tax regulations prescribe that another person shall be responsible for payment of tax liability of the respective taxpayer.

(3) Tax liability shall be settled in the manner and procedure prescribed under this Law, and the liability shall cease to exist by the settlement of tax liability.

(4) Provisions pertaining to tax liability shall apply to surtaxes as well, unless otherwise provided under this Law.

(5) Tax liability may also be settled by a third party on behalf of the taxpayer.

Tax Liability Assessment Article 50

(1) Tax liability assessment is an operation to establish existence of individual tax liability, taxpayer, tax base, and the amount of tax liability.

(2) Tax liability is assessed by entering the taxpayer's tax liability into the Tax Administration records, on the day of:

- 1) receiving tax report from the taxpayer in which the taxpayer stated his/her tax liability,
- 2) issuing decision on tax liability payment.

(3) The tax report referred to in paragraph 2 of this Article shall become an enforceable document upon expiry a deadline for payment of tax liability reported therein.

(4) Based on the enforceable document referred to in paragraph 2 of this Article, the Tax Administration shall initiate and conduct an ex officio enforced collection procedure in line with the provisions of this Law.

Decision on Tax Liability Payment Article 51

(1) By means of decision on tax liability payment, after completion of tax audit, the Tax Administration shall assess the tax liability and order the taxpayer to pay the assessed tax liability within 30 days following the delivery of the decision.

(2) The decision referred to in paragraph 1 of this Article shall not apply to the liabilities reported in accordance with Article 50, paragraph 2, point 1) of this Law.

(3) If two or more persons are jointly and severally liable for a liability, then decision on tax liability payment shall be issued to each of them, whereas payment of the entire liability may be executed by any of them.

Tax Liability Termination Article 52

(1) Tax liability shall be terminated by:

- 1) settlement - payment or substitute for payment in line with the law,
- 2) collection of tax,
- 3) statute of limitation on assessment and collection of tax liability,
- 4) in other manner prescribed under law.

(2) Payment of taxes and surtaxes shall be made to the prescribed accounts.

CHAPTER VIII TAX LIABILITY PAYMENT PROCEDURE

1. Regular collection of tax liabilities

Tax Collection Article 53

(1) For the purpose of this Law, tax collection shall be the regular and the enforced collection.

(2) Regular tax collection implies payment of tax liability within the prescribed deadline or deadline established under the decision on payment.

(3) Enforced collection shall be undertaken upon expiration of the legal deadline for payment of reported tax liabilities or upon expiration of payment deadline established under an enforceable decision referred to in Article 51 of this Law.

(4) Provisions pertaining to tax collection shall also apply to collection of surtaxes.

Tax Liability Payment Modalities Article 54

(1) Payment of tax liability shall be made through a bank via transfer of funds to the prescribed public revenue accounts, within deadlines established under tax regulations.

(2) Notwithstanding paragraph 1 of this Article, the settlement of tax liability may be executed by means of the following:

- 1) purchase of fee stamps or other securities containing tax liability,
- 2) offset, in line with tax regulations,
- 3) transfer of seized property to the Republic following enforced collection,

4) other prescribed modalities.

Day of Tax Liability Payment

Article 55

(1) Day of tax liability payment shall be considered the day on which payment of the tax liability is received in the appropriate account.

(2) Day of taxpayer's tax liability payment shall also be considered the day on which a bank receives a transfer order from the taxpayer to transfer funds from the taxpayer's account to the appropriate account, provided there are sufficient funds in the taxpayer's account and the bank is authorised to transfer the funds to the appropriate accounts.

(3) In line with its legal authority, a bank shall execute a person's funds transfer order for the purpose of payment of tax liabilities as long as there are sufficient funds in the account of that person.

(4) The transfer order for liability payment shall be executed by the bank within one business day from the day of receipt of the transfer order.

Order of Tax Liabilities Payment

Article 56

(1) When making payment, a taxpayer shall designate the type of tax liability or surtax to be paid, not indicating the period for which the liability is being paid.

(2) The amount paid shall be distributed in the following order: first the amount of taxes per due date starting from the earliest payment liability due, followed by the amount of interest on the liability.

(3) For enforced collection procedure, the order of distribution of collected amount shall be the following: costs of procedure, contributions, remaining principal debt, and amount of interest.

Temporary Assurance for Collection of Tax Liabilities

Article 57

(1) For the purpose of assurance of collection of tax liability whose existence has been made probable, and where danger exists that the taxpayer might prevent, i.e. impede the collection, the Tax Administration may establish temporary measures to secure the collection by means of a conclusion.

(2) The conclusion referred to in paragraph 1 of this Article shall become enforceable upon delivery to the taxpayer and include also a rationale as to the Tax Administration's reasons for believing that a danger exists that the taxpayer might prevent the collection of undue tax liability.

(3) For the purpose of this Law, security measures include:

1) injunction of disposal of movable property, effectuated by means of delivery of the conclusion imposing security measure to a body in charge of keeping the register of movable property, for the purpose of entry of the injunction in the relevant register of movable property,

2) injunction of disposal of immovable property, effectuated by means of delivery of the conclusion imposing security measure to a body in charge of keeping the register of immovable

property, for the purpose of entry of the recordation in the relevant register of immovable property,

3) blocking the taxpayer's account, effectuated by means of delivery to a bank of the conclusion imposing security measure, to be enforced as prescribed under the conclusion.

Security of Claims - Legal Mortgage Article 58

(1) In case a taxpayer fails to pay the tax liability before the expiration of legal deadline for payment of reported liabilities or within the period established under enforceable decision on liability assessment, the Tax Administration shall initiate the procedure for imposing legal mortgage over taxpayer's real estate in favour of the Tax Administration in order to secure collection of liabilities following the expiration of deadline for tax liability payment.

(2) Legal mortgage shall be established as of the day of recordation in the real estate register and deleted after the settlement of disbursed tax liabilities.

(3) The Tax Administration has the right and obligation to collect tax liabilities by submitting a proposal for execution through sale of real estate to a competent court using the value of real estate subject to mortgage.

(4) The Tax Administration shall collect ex officio all relevant information pertaining to the existence of property which can be used as lien, i.e. mortgage, by delivering requests to submit information to competent bodies and organisations in charge of keeping public registers of taxpayers' property, and by preparing inventory of property, if necessary, in line with this Law.

Payment Notice Article 59

(1) Taxpayer failing to fully or partly file or pay tax liability following the due date shall receive from the Tax Administration a notice via telephone or e-mail pertaining to the liability and as well legal consequences against unpaid tax liabilities, and will make a Minutes to be included in the case file.

(2) Notwithstanding paragraph 1 of this Article, Tax Administration can deliver the notice by mail.

Tax Interest Article 60

(1) For the amount of tax liability which has not been paid within the prescribed period, the taxpayer shall pay an interest calculated at the daily rate of 0.03%, including the liabilities for which settlement deferral was approved under the provisions of a special law.

(2) The interest shall be charged starting from the day following the due date, until the day of settlement of tax liability, and for the overpayment, from the day of expiration of refund deadline.

(3) The Tax Administration shall calculate interest in all acts ordering payment of tax liabilities and their enforced collection, including the interest calculated until the final due date for payment established by the decision on payment deferral of due tax liabilities.

Positive Interest
Article 61

(1) In case the Tax Administration has to refund an overpaid liability, it shall calculate and pay interest to the taxpayer in line with Article 60, paragraph 1 of this Law, for a period starting from the expiry of 30 days as of the date of submitting of overpayment refund claim until the day of payment of refund.

(2) Advance tax payments, as well as liabilities withheld by tax agents, shall not be considered paid before the due date of the liability subject to payment.

(3) Overpayment of a liability used to offset another liability shall be considered refunded on due date of the liability subject to offset.

2. Enforced collection of tax liability

Definition and Initiation of Enforced Collection Procedure
Article 62

(1) Enforced collection procedure shall be undertaken by the Tax Administration, ex officio, upon expiration of due date for payment of reported tax liability or upon expiration of due date for payment as stipulated under an enforceable decision on assessment of tax liability.

(2) The Tax Administration shall undertake enforced collection of all taxes and surtaxes within its competence as stipulated under tax regulations, as well as enforced collection arising from an enforceable document of another body, in case the law based on which the respective document was issued stipulates that the Tax Administration shall be in charge of enforced collection procedure.

(3) Appeal against the decision on enforced collection can be submitted to the Ministry within 15 days from the day of delivery of the decision.

(4) Appeal against a decision on enforced collection may not contest the legality of the act which is being executed.

(5) If a taxpayer has filed a request for deferral of tax liability in accordance with a special law, the Tax Administration shall not issue a decision on enforced collection until the request has been decided upon.

(6) The Minister shall, on the proposal of the Tax Administration's director, issue a rulebook prescribing manner and procedure for conducting enforced tax collection.

Order for conducting enforced tax collection
Article 63

(1) Tax Administration shall, based on the order for conducting enforced tax collection, perform certain measures and means for enforced collection which are applicable in a particular case, with a notice stating manner and eventually sequential order of those measures, accounting for cost-effectiveness and efficiency of the enforced collection.

(2) Tax Administration shall deliver the order for conducting enforced tax collection to the taxpayer and eventually to the person obliged to perform the measure stated in the order.

(3) Complaint against the order for conducting enforced tax collection is allowed within eight days from the day of delivery of the order to the taxpayer.

(4) Complaint against the order for enforced collection may not contest the legality of the decision on enforced collection.

(5) Director on Tax Administration shall decide on the complaint referred to in paragraph 3 of this Article by a decision.

Termination of Enforced Collection Procedure Article 64

(1) Enforced collection procedure shall be terminated in the following cases:

1) when process of restructuring before the competent court, bankruptcy or liquidation procedure has been initiated for the taxpayer,

2) when a temporary insolvency of a taxpayer was determined by Tax Administration's decision,

3) when a complete request for deferral of tax liabilities has been submitted.

(2) If cases referred to in paragraph 1 of this Article, Tax Administration shall issue a conclusion on termination of enforced collection procedure.

(3) After reasons for termination of enforced collection procedure referred to in paragraph 1 of this Article cease to exist, Tax Administration shall issue a conclusion stating that reasons for termination ceased to exist and that the enforced collection procedure shall continue, and in cases where taxpayer has been deleted from the register, enforced collection procedure shall be suspended.

Suspension of Enforced Collection Procedure Article 65

(1) Enforced collection procedure shall be suspended if:

1) decision on tax payment which is under enforced collection or decision on enforced collection is annulled, or if decision on tax payment is replaced by a new decision,

2) taxpayer subsequently pays the owed liability, including the incurred costs referred to in this Law,

3) taxpayer is approved tax debt payment deferral or tax debt conversion into equity share in accordance with the provisions of a special law.

4) taxpayer is approved a deferral of tax liabilities by a body competent for assessing those liabilities.

(2) In the event referred to in paragraph 1 of this Article, the Tax Administration shall issue a conclusion on suspension of enforced collection procedure.

Exemption Due to Cost-Ineffectiveness Article 66

(1) Enforced collection shall not be undertaken in the enforced collection cases where the costs of procedure exceed the amount subject to enforced collection.

(2) Enforced collection shall be undertaken to the extent required for settlement of the entire amount of tax liability.

Exemption from Enforced Collection Article 67

Property and earnings of natural persons, exempted from enforcement in line with the regulation governing enforcement procedure, may not be subject of enforced collection.

Costs of Enforced Collection Procedure Article 68

(1) Costs of enforced collection shall be borne by the taxpayer and amount to 5% of the tax liability collected in the procedure, not less than BAM 50.

(2) The taxpayer shall not be exempted from payment of enforced collection costs referred to in paragraph 1 of this Article if he/she pays the tax liability after initiation of the enforced collection procedure.

(3) The costs of enforced collection shall be paid to the enforced collection account kept by the Tax Administration.

Means and Subjects of Enforced Collection Article 69

(1) Enforced collection of tax liabilities shall be undertaken against a taxpayer on the following cases, i.e. means of execution:

1) monetary funds - cash, by way of seizure, i.e. requisition of monetary funds - cash from the taxpayer,

2) monetary funds held in accounts, by way of transfer of monetary funds from the taxpayer's account to the enforced collection account and by entrusting the bank which keeps the taxpayer's account to execute the transfer,

3) monetary claims of the taxpayer, including his/her claim of salary, pension and other personal income, by way of ordering transfer of the taxpayer's claim from the taxpayer's debtor and by entrusting the debtor to pay the transferred claim to the enforced collection account,

4) securities, by way of seizure of securities and entrusting the organisation managing the securities to sell them under the best market terms and to pay the proceeds from sale of securities to the enforced collection account after deducting the sales commission and costs,

5) all movable assets of the taxpayer, by way of seizure, i.e. requisition and sale of movable assets of the taxpayer, i.e. by way of transfer of property to the Republic,

6) non-monetary claims of the taxpayer (claims over goods, equipment, other movable assets), by way of ordering transfer of the taxpayer's non-monetary claim from the taxpayer's debtor and entrusting the debtor to fulfil the transferred claim to the Tax Administration, i.e. to deliver the goods and other assets subject to claim to the issuer of the decision on transfer of claim,

7) real estate, by way of recordation of lien (mortgage) over taxpayer's real estate, filing of the proposal for enforcement by sale of real estate with the competent court and payment of proceeds of the sale to the relevant enforced collection account,

8) other property of the taxpayer, by way of seizure and conversion into cash.

(2) In case a debtor of the taxpayer fails to make payment to the enforced collection account of the monetary claim ordered to be transferred as referred to in paragraph 1, point 3) of this Article, and makes payment to the taxpayer, the Tax Administration shall order enforced collection of tax liabilities from the assets of the taxpayer's debtor in the amount of the transferred claim.

(3) The Government shall issue a decree to regulate the distribution and purpose of funds from the costs of enforced collection.

Enforcement of Overpaid Tax Liabilities Article 70

(1) The Tax Administration shall also be authorised for enforcement of decision on approval of overpayment refund to taxpayers when tax creditors, i.e. public revenue beneficiaries obliged to refund the overpaid amount from their funds fail to act in accordance with the executive decision of the Tax Administration on approval of overpayment refund.

(2) The enforcement referred to in paragraph 1 of this Article shall be effectuated over monetary funds of the refund payer held in a bank account by way of transfer of adequate amount to the account of the taxpayer which was approved a refund of overpaid liability and by entrusting the bank to execute the transfer.

Third Party Claims in Enforced Collection Procedure Article 71

(1) A third party asserting to have the title or lien over an entire or part of seized movable assets may file a request with the Tax Administration to exempt the respective assets from the subject of enforced collection.

(2) Together with the request referred to in paragraph 1 of this Article, the third party shall submit evidence of entitlement to the assets for which exemption is sought from the subject of enforced collection.

(3) A third party may file the request referred to in paragraph 1 of this Article until the day of sale of the assets concerned by the third party's claim.

(4) The sale or transfer of assets to the property of the Republic, in the event referred to in paragraph 1 of this Article, shall be postponed until conclusion of the procedure on the third party's request for their exemption from the subject of enforced collection.

Inventory of Movable Assets Article 72

(1) For the purpose of preparing an inventory of movable assets to be seized, a tax official shall be authorised to enter the grounds and premises in which the taxpayer performs the business activity.

(2) When entering the grounds or business premises of the taxpayer, the tax official shall show his/her identification and present to the taxpayer the act ordering the preparation of inventory and seizure of movable assets.

(3) If the taxpayer does not allow the tax official to enter the apartment or another room in order to prepare the inventory, appraise and seize the movable assets located in the respective

apartment or another room, the Tax Administration shall request assistance from the competent police officials of the Ministry of Interior.

(4) Along with the request referred to in paragraph 3 of this Article, executable decision of the Tax Administration referred to in Articles 51 and 62 of this Law shall be submitted.

(5) The inventory of movable assets referred to in paragraph 1 of this Article shall be drawn up in the presence of two adult witnesses.

(6) Priority in the inventory and seizure shall be given to the assets most easily convertible into cash.

Appraisal of Movable Assets Article 73

(1) Tax official shall appraise the inventoried assets while preparing the inventory.

(2) The Tax Administration may appoint another professional as appraiser or obtain a report on price of the assets from professional institutions or organisations.

(3) The inventoried movable asset shall be seized from the taxpayer at the moment of inventory.

(4) The Minutes shall be produced in reference to completed inventory, seizure and appraisal.

(5) The Minutes referred to in paragraph 4 of this Article shall be delivered to the taxpayer.

(6) The taxpayer is entitled to object to the Minutes referred to in paragraph 4 of this Article within three days following the delivery of the Minutes.

(7) Enforced collection procedure shall be postponed until the decision is issued on the objection.

(8) An appeal against the decision referred to in paragraph 7 of this Article shall not delay its enforcement.

(9) Movable assets shall be seized with the assistance of authorised officials of the Ministry of the Interior.

Sale of Movable Assets Article 74

(1) Movable assets shall be sold by way of an open public competition (hereinafter 'the auction'), with at least two bidders, and in the cases stipulated under this Law, by way of direct negotiations between the buyer and the Tax Administration, whereupon a conclusion shall be issued.

(2) Movable assets shall be sold as seen.

(3) If a movable asset is perishable or if the keeping thereof implies high costs, the Tax Administration shall sell that asset by way of direct negotiations, forthwith, at a price not lower than one third of the appraised value of the asset.

(4) Announcement of sale of seized movable assets shall be published at the latest three days following the appraisal of their value, in a daily newspaper distributed throughout the Republic of Srpska territory, and on the Tax Administration's web site.

(5) The taxpayer, Tax Administration employees and persons related with them may not buy the assets referred to in paragraph 1 of this Article.

Auction Price Article 75

(1) At the first auction, the movable asset may not be sold at a price lower than 75% of its appraised value, and the starting price shall equal the appraised value of the asset.

(2) In case the movable asset is not sold at the first action, the second one shall be set and scheduled, at the latest eight days following the first auction.

(3) At the second auction, the movable asset may not be sold at a price lower than 50% of its value established by appraisal.

(4) In case the movable asset is not sold at the second action either, the third one shall be set and scheduled, at the latest eight days following the second auction.

(5) At the third auction, the movable asset may not be sold at a price lower than one-third of the movable asset's appraised value.

Transfer after Movable Asset Sale Article 76

(1) Following the sale of seized assets, the Tax Administration shall issue to the buyer, following the payment, a sales receipt confirming that the right of property is thereunder transferred to him/her and that the legal grounds for obtaining such right is the purchase of assets subject to the enforced tax collection procedure.

(2) The sale of seized assets shall be stopped once the achieved price reaches the amount of tax liability owed, and the remaining assets shall be returned to the taxpayer.

(3) In case the auction sale of seized assets fails as well as direct negotiations, the assets shall be transferred to the property of the Republic by a decision of the Tax Administration.

(4) Minutes shall be prepared of held auctions and seized assets sale by direct negotiations.

Assets Transfer to the Republic Article 77

If movable assets are transferred to the property of the Republic for the purpose of settlement of tax liabilities, the tax liability subject to enforced collection shall be deemed settled in the amount of one-third of the appraised value of the asset.

Taxpayer's Insolvency Article 78

(1) Where during enforced collection procedure it is established that the taxpayer does not possess property to cover for the tax debt by way of enforced collection, i.e. that the assets thereof to be transferred to the Republic are of lower value than the amount of tax debt, the Tax Administration shall issue a decision establishing the taxpayer's temporary insolvency.

(2) The insolvency referred to in paragraph 1 of this Article shall be subject to review, at least once a year.

(3) Should the taxpayer subsequently become solvent the Tax Administration shall repeal the decision on insolvency and continue the enforced collection procedure.

(4) The statement of temporary insolvency of the taxpayer shall not prevent the Tax Administration to implement measures of enforced collection against other responsible persons.

CHAPTER IX OTHER INSTANCES OF TAX LIABILITY TERMINATION

Statute of Limitation for Tax Liability Assessment Article 79

(1) The Tax Administration may assess tax liability by decision within the period of five years as of the day of filing of tax report, i.e. as of the due date of tax liability, counting from the later date.

(2) The period referred to in paragraph 1 of this Article shall be terminated on the date of commencement of the procedure of tax liability assessment, and shall run continuously, regardless of the duration of administrative proceedings, administrative dispute or other proceedings whose outcome may be a repetition of the first-instance procedure of tax liability assessment by decision of the Tax Administration.

(3) Request to credit liability overpayment to the fulfilment of future obligation, or request for refund of overpaid liability may be filed within the period of three years as of the day of receipt of notice of overpayment of tax liabilities.

(4) Statute of limitation shall not be applied for determining facts in tax procedure which are relevant for assessing the obligation.

Statute of Limitation in Relation to Third Parties and Limitation of Overpayment Refund Article 80

Statutes of limitation referred to in Article 79, paragraph 1 of this Law shall also apply to persons responsible for the taxpayer's obligations, and deadline specified in paragraph 3 of the same Article shall apply also to the person liable for overpayment refund.

Statute of Limitation for Tax Liability Collection Article 81

(1) The assessed liability may be collected by way of enforcement or in a court procedure within ten years as of the due date for payment of reported tax liability or as of the date of enforceability of the decision on payment of tax liabilities.

(2) Notwithstanding the statute of limitation prescribed under this Law, the Tax Administration's right to assess and collect pension and disability insurance contributions shall not be subject to statute of limitation.

Crediting the Time of Predecessor Article 82

The period of limitation shall include the time lapsed in favour of the taxpayer's predecessor, i.e. a predecessor of the person liable for the taxpayer's obligations, or a predecessor of the person liable for tax liability refund.

Ex Officio Establishment of Limitation
Article 83

(1) Officials in charge of the first and second instance tax procedure shall take care of the limitation ex officio.

(2) In case a statute of limitation is established for certain obligations, the Tax Administration shall write-off such obligations in full.

Tax Liability Overpayment Notification
Article 84

(1) The Tax Administration shall notify the taxpayer about overpayment at the latest 30 days as of the day of payment of tax amount constituting overpayment.

(2) The notification shall include the total amount of the overpayment, the amount of the overpayment which may be used to settle another liability and the amount of the overpayment which may be used to settle a future liability or refunded to the taxpayer.

Automatic Settlement by Overpaid Amount
Article 85

(1) If it is established that the taxpayer has other outstanding liabilities, the overpaid amount shall be automatically deducted from other due liabilities, and the taxpayer shall be notified about that fact.

(2) The other liability settled by the amount of overpayment under paragraph 1 of this Article shall be considered paid on the date of the payment that resulted in the overpayment.

(3) If the other liability exceeds the amount of the overpayment, then the liability shall be settled in the manner laid down in Article 56 of this Law.

Refund of Overpaid Tax Liability
Article 86

(1) If the amount of the overpayment, to be used to settle another liability of the taxpayer, exceeds the amount of that liability, the taxpayer may use the excess overpayment to settle future liabilities or receive a refund of the excess overpayment.

(2) The Tax Administration shall decide on request for the refund referred to in paragraph 1 of this Article within 30 days from the receipt of the request.

CHAPTER X
TAX AUDIT

Definition of Tax Audit

Article 87

Tax audit is the procedure of verification and establishment of legality and correctness of reporting and payment of tax liabilities, as well as the procedure of verification of correctness and legality of compliance with tax regulations, conducted by authorised officials of the Tax Administration.

Tax Administration Auditors Article 88

(1) Authorised officials of the Tax Administration are the auditors of the Tax Administration, obliged to hold an official identification and a badge, and the tax officials holding official identifications.

(2) The labour law status of auditors and officials shall be subject to general regulations governing the labour law status of civil servants in the administrative bodies of the Republic.

(3) Tasks of an auditor may be performed by a person which has, in addition to meeting the general and specific requirements necessary for employment in the administrative bodies of the Republic as a civil servant, has a certificate for performing inspection activities and also at least:

1) two years of experience in the profession or one year of experience in inspection work, for the post of junior auditor,

2) three years of experience in the profession and two years of experience in inspection work, for the post of auditor, and

3) four years of experience in the profession and three years of experience in inspection work, for the post of senior auditor.

(4) Except in the cases referred to in Article 11, paragraph 2 of this Law, the Tax Administration auditor shall be held responsible for a serious misconduct if he/she fails to undertake measures or actions he/she is obliged to undertake during audit.

(5) The Minister shall issue a rulebook prescribing the conditions, manner and procedure of issuing of the certificate referred to in paragraph 3 of this Article.

(6) Director of the Tax Administration, along with the Minister's approval, shall issue a Rulebook prescribing shape and manner of issuing official identification and a badge to authorised officials referred to in paragraph 1 of this Article.

Rights and Obligations of Auditors Article 89

While performing audit, the Tax Administration auditors shall have the right and the obligation to:

1) announce the audit to the subject of audit, unless such an announcement would impede the success of the audit,

2) show their identity documents to the subject of audit, i.e. to the responsible person or another authorised person of the subject of audit,

3) inform the subject of audit about the rights he/she may exercise in the audit procedure,

4) hear the parties and witnesses in the procedure,

- 5) examine the business premises in which books and records, or other items necessary for the implementation and execution of tax regulations are kept, or supposedly kept, and to review books and records,
- 6) temporarily seize documentation, books and records or copies and other items necessary for the implementation and execution of tax laws, while tax audit is ongoing, along with issuing certificate on seizing the documentation,
- 7) order undertaking of relevant measures and actions, i.e. ban certain activities, in order to establish facts in a more comprehensive manner and ensure collection of tax liabilities,
- 8) produce the Minutes on completed audit,
- 9) issue acts in the administrative procedure,
- 10) issue a seizure certificate for temporarily seized documentation, i.e. temporarily or permanently seized objects and other items,
- 11) prohibit performance of activity, and to seal the facility,
- 12) issue a minor offence warrant,
- 13) submit a request for initiating minor offence warrant,
- 14) submit a report to the competent prosecutor's office if they establish during an audit procedure that there are grounds for suspicion of a committed crime, and
- 15) undertake other measures and actions as authorised by this and other regulations.

Types of Tax Audit Article 90

- (1) The types of tax audit are:
 - 1) desk audit,
 - 2) field audit,
 - 3) special audit,
 - 4) informative audit,
 - 5) audit of an unregistered entity.
- (2) desk audit shall last no longer than eight business days from the starting date indicated in the audit order.
- (3) A field audit shall last no longer than 20 business days from the starting date indicated in the specific audit order, and exceptionally it may be extended, subject to a decision of the manager of organisational unit of the Tax Administration competent for the territory of the audited taxpayer, or by the director of the Tax Administration if competence for the audit lies with the head office of the Tax Administration.
- (4) A special audit is a verification of legality and correctness of the application of tax regulations, in addition to the verification of legality and correctness of reporting, fulfilling and assessing tax liabilities.
- (5) Informative control is a control of data and facts upon the request of other bodies, as well as persons having justified interest, and it is also a control of data and facts relevant for performing tax procedure.
- (6) Notwithstanding paragraph 5 of this Article, Tax Administration officials can perform informative control without a special request of the body or a person in cases where games of chance organisers are controlled regarding regularity of the liability payment and games of chance organising.

(7) An audit of unregistered entity is performed in accordance with the regulation governing the work of inspections in the Republic of Srpska.

(8) The conditions and manner of conducting audit shall be prescribed by a rulebook issued by the director of the Tax Administration upon approval of the Minister.

Tax Audit Plan Article 91

(1) A tax audit shall be conducted in line with the annual and monthly plans, i.e. emergency plan, issued by the director of the Tax Administration based on taxpayer's risk assessment.

(2) A tax audit may be conducted also without the plan referred to in paragraph 1 of this Article, in the event that the Tax Administration establishes that it is necessary because of the subject of audit.

(3) In defining the plan referred to in paragraph 1 of this Article, the assessment shall be made as to the impact of tax audit on tax collection efficiency in certain business activities.

(4) Notwithstanding paragraph 1 of this Article, the Minister may request the director of the Tax Administration to issue an emergency audit plan in case there are assumptions implying an increased volume of tax avoidance.

Desk Audit Article 92

(1) Desk audit is a set of actions whereby the Tax Administration verifies the accuracy, sequence and conformity with the law and other regulations of data stated in tax report, accounting and other reports of the taxpayer, for the purpose of correct and accurate assessment of tax liability.

(2) Desk audit shall be performed by tax auditor in the Tax Administration's premises, based on audit order.

(3) After completion of a desk audit, tax auditor shall prepare a Minutes and deliver it to the taxpayer within three days from the day of preparation.

(4) The Minutes referred to in paragraph 3 of this Article shall represent the evidence on conducted actions in the course of desk audit procedure and include the general elements: date, place, time of performance of the desk audit, indication of the taxpayer and his/her identification data, executed actions, evidence presented in the procedure, facts relevant for the assessment of liability; the pages of the record shall be marked with ordinal numbers and signed by the taxpayer and the tax auditor.

(5) In case the taxpayer refuses to sign the Minutes, the tax auditor shall make an official note which shall become an integral part of the Minutes, and such Minutes shall constitute relevant evidence of the actions conducted in the tax procedure.

(6) The taxpayer may give remarks to the Minutes within three days following the receipt of the Minutes.

(7) In case the Minutes is amended based on given remarks, tax auditor shall produce amendment to the Minutes.

(8) In case tax auditor deems that given remarks cannot affect the Minutes, he/she will provide its statement on that in the decision.

(9) Based on the original and amended Minutes, the tax auditor shall issue a decision determining the liability and ordering its payment in accordance with this Law.

Taxpayer's Obligations in Desk Audit Procedure Article 93

(1) Upon invitation of the Tax Administration, the taxpayer shall take part in desk audit procedure, directly or by way of a proxy, and provide the requested explanations and documentation within the deadline established by the Tax Administration.

(2) Failure to respond to the invitation referred to in paragraph 1 of this Article shall not delay the desk audit procedure.

Field Audit Article 94

(1) Field audit is a set of actions whereby the Tax Administration verifies the legality and correctness of taxpayer's compliance with tax liabilities.

(2) Field audit shall be performed by tax auditor, based on audit order.

(3) The taxpayer shall be notified about the audit, at the latest three days prior to the start of audit.

(4) Notwithstanding paragraph 3 of this Article, the director of the Tax Administration may order an audit to be performed without prior notification, if it deems that there is suspicion that the announced audit might be prevented in any way, or if announcement of audit might significantly impact the assessment and payment of tax.

Place of Field Audit Article 95

(1) Field audit shall take place in the business premises of the taxpayer or in another place, depending on the scope of audit.

(2) The taxpayer shall provide appropriate space for the work of tax auditor, in case the field audit is conducted in the taxpayer's business premises.

(3) If there is no appropriate space for conducting the field audit in the taxpayer's business premises, the audit can be performed in another place designated by the Tax Administration in line with paragraph 1 of this Article.

Time of Field Audit Article 96

(1) Field audit shall be conducted during the office hours of the taxpayer and the Tax Administration and, exceptionally, also after office hours, if the audit has started during office hours and if required so by the scope of audit, provided the taxpayer's consent.

(2) Notwithstanding previously stated, field audit can be performed in any time, without taxpayer's consent, if circumstances are such, i.e. if there is a chance that the taxpayer will

hinder or undermine the audit, conceal evidence, and if the subject of the audit is an unregistered entity or it is a special audit.

Rights and Obligations of Taxpayers in Field Audit Procedure
Article 97

(1) Taxpayer has the right and the obligation to take part in the establishment of facts and to provide explanations and statements at the request of tax auditor.

(2) Taxpayer shall enable the tax auditor to inspect the status of raw material, intermediate goods, semi-finished products, finished products and goods (hereinafter 'the goods'), and equipment, as well as the business books and records, and other documentation or documents.

(3) If unable to be present at the field audit, the taxpayer shall designate a person to fulfil the obligations referred to in paragraphs 1 and 2 of this Article on his/her behalf.

(4) The taxpayer's failure to comply with the provisions of paragraphs 1 through 3 of this Article shall not delay the field audit.

(5) Tax auditor may request data, i.e. insight into documentation, also from the taxpayer's employees or other individuals.

(6) Tax auditor shall verbally state the request referred to in paragraph 5 of this Article.

(7) Individuals referred to in paragraph 5 of this Article shall provide tax auditor with the available data, i.e. documentation.

Field Audit Record
Article 98

(1) Tax auditor shall prepare a record of completed field audit and deliver it to the taxpayer within three days from the completion of audit.

(2) The record referred to in paragraph 1 of this Article shall represent the evidence on conducted actions in the course of field audit procedure and include the general elements: date, place, time of performance of the field audit, indication of the taxpayer and his/her identification data, executed actions, evidence presented in the procedure, facts relevant for the assessment of liability; the pages of the record shall be marked with ordinal numbers and signed by the taxpayer and the tax auditor.

(3) In case the taxpayer refuses to sign the record, the tax auditor shall make an official note which shall become an integral part of the record, and such record shall constitute relevant evidence of the actions conducted in the tax procedure.

(4) The taxpayer may give remarks to the record within three days following the receipt of the record.

(5) In case the record is amended on the basis of the remarks, the tax auditor shall prepare an amendment to the record.

(6) In case the tax auditor deems that the remarks may not affect the record, he/she shall state his/her opinion thereabout in a decision.

Tax Liability Assessment by Tax Administration Decision
Article 99

(1) If it is established in the course of a field audit that the taxpayer has failed to apply or has incorrectly applied the regulations in self-assessment of tax liabilities, a decision on payment of the assessed tax liabilities referred to in Article 51 of this Law shall be issued based on the state given in the record, i.e. amended record.

(2) Tax auditor shall issue the decision referred to in paragraph 1 of this Article within eight days from the day of delivery of the field audit record, i.e. amended field audit record.

(3) Any proceedings arising from the decision referred to in paragraph 1 of this Article shall be subject to the provisions of Articles 62 through 81 of this Law.

Special audit Article 100

(1) Special audit is a set of actions whereby the Tax Administration verifies the legality and correctness of application of tax regulations.

(2) Special audit shall not include the audit of legality and correctness of declaring, assessing and settling the tax liabilities.

(3) Special audit shall be conducted on the basis of the audit plan and order, and exceptionally it may be conducted without the audit plan and order, if circumstances of the audit so require.

(4) Special audit shall be conducted at the place where the taxpayer performs the activity or at any other place which is suitable for conducting audit.

(5) Special audit shall be conducted during the office hours of the taxpayer and the Tax Administration and, exceptionally, at any time if circumstances of the audit so require.

(6) Special audit may be conducted also on the basis of a decision, i.e. another act of the Coordinating Body for Inspection, by joint activities of the authorised auditors of the Tax Administration, Republic Administration for Inspection Affairs and Republic Administration for Games of Chance.

Application of Special Audit Procedure Rules Article 101

(1) The rules of special tax audit procedure prescribed by this Law shall apply in the following cases:

1) in the procedure of audit of registration of contribution payer with the Unified System in accordance with this Law,
2) in the procedure of audit of the application of law governing fiscal cash registers,
3) in other audit procedures, if the Tax Administration is authorised for that by a special law.

(2) Audit of contribution payer's recording in the Unified System referred to in paragraph 1, point 1) of this Article is performed via computers and other electronic devices which can have uninterrupted connection in real time with the server of the Tax Administration and Unified System.

(3) For the purpose of performing the audit referred to in paragraph 1, point 1) of this Article, taxpayer is obliged to allow insight, to the person performing the audit, in to its identification document or other personal identification, based on which information necessary for audit can be confirmed.

(4) If the taxpayer during the audit referred to in paragraph 1, point 1) of this Article does not have its identification document or other personal identification, information necessary for audit can be determined in other way (by the statement of a witness, controlled contribution payed and similar).

Record and Decision of Completed Special Audit Article 102

(1) Tax auditor shall prepare a record of completed special audit at the place of conducting of the audit, sign it and deliver it to the taxpayer immediately after the completion of audit.

(2) The record referred to in paragraph 1 of this Article shall represent the evidence on conducted actions in the course of special procedure and include the general elements: date, place, time of performance of the special audit, indication of the taxpayer and his/her identification data, executed actions, evidence presented in the procedure, facts relevant for the assessment of liability; and pages of the record shall be marked with ordinal numbers and signed by the taxpayer and the tax auditor.

(3) The procedure of special audit shall be attended by the responsible or authorised person of the taxpayer, and in case that person refuses or is unable to attend the procedure of special audit, the special audit shall be conducted in the presence of a person found at the place of audit.

(4) In case the taxpayer or person attending the audit refuses to sign the record, the tax auditor shall make an official note which shall become an integral part of the record, and such record shall constitute relevant evidence of the actions conducted in the tax procedure.

(5) After completion of the record, the tax auditor shall provide insight in it to the audited taxpayer.

(6) If there are remarks, tax auditor shall enter them in the record, and if the remarks are justified, the tax auditor shall prepare an amendment to the record, but if they are not justified, the tax auditor shall state his/her opinion thereabout in a decision.

(7) After completion of the record and in case an irregularity is established in the procedure of special audit, the tax auditor shall issue an oral decision imposing measures in accordance with his/her authority, and state so in the record.

(8) Within three days of issuing the oral decision, the tax auditor shall prepare a written copy of that decision and deliver it to the taxpayer.

(9) The taxpayer may appeal against the decision referred to in paragraph 8 of this Article within 15 days following the day of delivery of the written copy of the decision.

Informative audit Article 103

(1) Informative control shall be performed by Tax Administration officials.

(2) After the informative control is performed, official shall not issue an administrative act, but make a record on performed audit.

(3) Record referred to in paragraph 2 of this Article shall be an evidence in other tax procedures, as well as in procedures led by other republic bodies.

(4) Record referred to in paragraph 2 of this Article shall be delivered to the taxpayer and the person which submitted the request based on which the informative audit was performed, and in case the informative audit was performed on the games of chance organiser, record shall be delivered to the organiser where the audit was performed, Republic Administration for Games of Chance and to the Ministry.

CHAPTER XI LEGAL REMEDY PROCEDURE

Appeal against Tax Administration Decision Article 104

(1) Appeal against a decision of the Tax Administration may be filed within 15 days following the day of delivery of the decision.

(2) The appeal against the decision of the Tax Administration shall be decided upon by the Ministry in line with the provisions of this Law and regulation governing general administrative procedure.

(3) The appeal shall be lodged with the Ministry via a first-instance body, in line with the regulation governing general administrative procedure.

Legal effect of the appeal Article 105

(1) Appeal against the decision of the Tax Administration shall delay the execution of that decision.

(2) Notwithstanding paragraph 1 of this Article, appeal against the decision on enforced collection and decision on performed special audit does not delay the execution of that decision.

Second-Instance Tax Procedure Article 106

(1) Second-instance tax procedure shall be performed by the officials of the Ministry in accordance with this law and the law governing general administrative procedure.

(2) Second-instance body, after receiving the appeal can:

- 1) dismiss the appeal – if the first-instance body failed to do so,
- 2) reject the appeal of the taxpayer as unfounded,
- 3) revoke first-instance decision and return the case for reconsideration,
- 4) partly revoke first-instance decision and return a specific part of the decision for reconsideration,
- 5) revoke first-instance decision and resolve the tax case itself,
- 6) completely revoke first-instance decision,
- 7) partly revoke first-instance decision,
- 8) amend first-instance decision.

CHAPTER XII SUPERVISION AND PENAL PROVISIONS

Administrative Supervision Article 107

The Ministry shall supervise the application of provisions of this Law.

Inspection Article 108

(1) Inspection over the application of provisions of this Law shall be carried out by the Tax Administration.

(2) Inspection over the application of Article 37, paragraphs 2 and 4 of this Article shall be carried out also by all inspectors determined to do so by the law governing Republic of Srpska inspection activities, in addition to the Tax Administration, in accordance with the provisions of this Law.

Temporary Prohibition of Activity Performance Due to Failure to Register with the Unified System Article 109

(1) If in the course of a special audit, the authorised auditor establishes that a contribution payer has not filed the application for contribution payer registration with the Unified System in the manner and within the period prescribed by Article 37, paragraphs 2 and 4 of this Law, the auditor shall issue the contribution payer an oral decision imposing the measure of prohibition of activity performance pending removal of the irregularity or for a minimum of 15 days.

(2) The oral decision referred to in paragraph 1 of this Article shall be executed immediately, by sealing the premises, facilities, devices and other work equipment used by the contribution payer (employer) to perform the activity.

(3) In case of the execution of the oral decision by sealing, the taxpayer or the person attending audit shall insure that perishable food is taken out from the area, and take all the security and other measures in order to prevent occurrence of damage.

(4) Notwithstanding paragraphs 1 and 2 of this Article, the measure of prohibition of activity performance shall not be executed if the taxpayer delivers evidence to the authorised auditor of payment of the fine imposed by the minor offence warrant for the committed minor offence referred to in this Law, within 72 hours of imposing of the oral decision.

(5) In the case referred to in paragraph 4 of this Article, the authorised auditor shall suspend the administrative procedure and shall not issues a written copy of the decision.

(6) The Minister shall issue a rulebook to regulate the procedure and manner of executing the measure of prohibition of activity performance due to failure to register with the Unified System.

Repeated Minor Offence Article 110

(1) If in the course of a special audit, the authorised auditor establishes that a contribution payer has not filed the application for contribution payer registration with the Unified System in the manner and within the period prescribed by Article 37, paragraphs 2 and 4 of this Law and has been imposed a final sanction for the same offence previously, the auditor shall issue the contribution payer an oral decision imposing the measure of prohibition of activity performance pending removal of the irregularity or for a minimum of 30 days.

(2) The oral decision referred to in paragraph 1 of this Article shall be executed by sealing the premises, facilities, devices and other work equipment used by the contribution payer (employer) to perform the activity, and the taxpayer or the person attending audit shall act as prescribed by Article 109, paragraph 3 of this Law.

Legal Remedy Article 111

Notwithstanding Article 102, paragraph 9 of this Law, the contribution payer may appeal to the Ministry against the decision imposing the measure of prohibition of activity performance referred to in Articles 109 and 110 of this Law, within eight days of the day of delivery of the written copy of the decision.

Offences by taxpayer, legal person and an entrepreneur Article 112

(1) A fine ranging from BAM 2,000 to BAM 6,000 shall be imposed for offence on a taxpayer, legal person or another entity for:

1) failure to register with the Tax Administration or failure to register within the deadline and in the manner prescribed for the registration of taxpayers with the Tax Administration or failure to report to the Tax Administration any change of data connected with entry into the register with the Tax Administration (Article 19, point 1),

2) failure to file a tax report or failure to file it in the manner and within the deadline prescribed under tax regulations (Article 19, point 3),

3) failure to keep business books and records in line with tax regulations (Article 19, point 6).

(2) A fine ranging from BAM 1,000 to BAM 3,000 shall be imposed for offence on a taxpayer, legal person or another entity for:

1) preventing the tax official to enter the premises in which the taxpayer performs the business activity, for the purpose of preparing an inventory and seizing movable assets in the procedure of enforced collection (Article 72, paragraph 1),

2) failure to participate in a desk audit procedure upon invitation of the Tax Administration, failure to provide the requested explanations or submit all documentation necessary for the process of desk audit as requested by the auditor (Article 19, point 11 and Article 93, paragraph 1),

3) failure to participate in a field audit procedure upon invitation of the Tax Administration, failure to provide the requested explanations or submit all documentation necessary for the process of desk audit as requested by the auditor (Article 19, point k) and Article 97, paragraphs 1 and 2),

4) failure to provide appropriate space for tax auditor to conduct field audit (Article 95, paragraph 2),

5) hindering officials of the Tax Administration in conducting their duties established by law (Article 19, point 12).

(3) For the offence referred to in paragraph 1 of this Article, the responsible person in the legal person shall also be imposed a fine in the amount of BAM 1,000 to BAM 3,000.

(4) For the offence referred to in paragraph 2 of this Article, the responsible person in the legal person shall also be imposed a fine in the amount of BAM 500 to BAM 1,500.

(5) For the offence referred to in paragraph 1 of this Article, entrepreneur shall also be imposed a fine in the amount of BAM 1,000 to BAM 3,000.

(6) For the offence referred to in paragraph 2 of this Article, entrepreneur shall also be imposed a fine in the amount of BAM 500 to BAM 1,500.

Offences by taxpayer – natural person

Article 113

(1) A fine ranging from BAM 500 to BAM 1,500 shall be imposed for the offence referred to in Article 112, paragraph 1, points 1) and 2), and paragraph 2, points 2) and 5) of this Law on a taxpayer, natural person.

Offence Due to Failure to Register with the Unified System

Article 114

(1) A fine ranging from BAM 10,000 to BAM 30,000 shall be imposed for offence on a contribution payer - legal person for failure to file the application for contributor registration with the Unified System in the manner and within the period prescribed in Article 37, paragraphs 2 and 4 of this Law.

(2) A fine ranging from BAM 3,000 to BAM 9,000 shall be imposed for offence referred to in paragraph 1 of this Article on a contribution payer - natural person.

(3) A fine ranging from BAM 3,000 to BAM 9,000 shall be imposed for offence referred to in paragraph 1 of this Article on a responsible person in legal entity.

(4) The minor offence warrant for the offence referred to in this Article may be issued, in addition to the Tax Administration, also by a body referred to in Article 108, paragraph 2 of this Law and authorised by this Law to audit application submitting in the Unified System.

Violation of Obligation to File, Calculate and Pay Tax Liabilities

Article 115

A fine amounting to 30% of the assessed tax liability or up to the amount of BAM 200,000 shall be imposed for offence on a taxpayer who fails to file and calculate the tax liability (Article 19, points 3) and 4).

Offence by a Bank

Article 116

(1) A fine ranging from BAM 10,000 to BAM 30,000 shall be imposed on a bank for:

1) opening an account for a taxpayer without a duly submitted registration certificate issued by the Tax Administration (Article 40),

2) failure to block the taxpayer's account upon delivery of the conclusion imposing a temporary security measure issued by the Tax Administration (Article 57, paragraph 3, point 3),

3) failure to execute transfer of funds in line with the Tax Administration's order in the enforced collection procedure (Article 55, paragraphs 3 and 4, Article 69, paragraph 1, point 2), and Article 70, paragraph 2).

(2) For the offence referred to in paragraph 1 of this Article, the responsible person in the bank shall also be imposed a fine in the amount of BAM 3,000 to BAM 9,000.

Offences by Other Responsible Persons

Article 117

(1) A fine ranging from BAM 5,000 to BAM 15,000 shall be imposed on a legal person for offence for:

1) failure to transfer the claims from its debtor to the enforced collection account, in the enforced collection procedure against its debtor, as per order of the Tax Administration (Article 69, paragraph 1, point 3),

2) failure to sell and transfer the proceeds from sale of securities as per order of the Tax Administration (Article 69, paragraph 1, point 4),

3) failure to execute the obligation under the order of the Tax Administration (Article 69, paragraph 1, point 6).

(2) A fine ranging from BAM 1,000 to BAM 3,000 shall be imposed for the offence referred to in paragraph 1 of this Article on a natural person.

Offences by Bodies in Charge of Registers

Article 118

(1) A fine ranging from BAM 1,000 to BAM 3,000 shall be imposed on a body responsible for entry of persons performing an economic activity into the appropriate register or keeping the civil register and records of permanent residence of natural persons, for failure to report, i.e. to timely report to the Tax Administration any change in its respective records or registers (Article 39, paragraphs 1 and 2).

(2) A fine ranging from BAM 500 to BAM 1,500 shall be imposed on a responsible person in competent entity for the offence referred to in paragraph 1.

CHAPTER XIII

TRANSITIONAL AND FINAL PROVISIONS

Initiated procedures

Article 119

Tax procedures initiated before the day of coming into force of this Law shall be finalised according to the provisions of the law which was in force at the moment the procedure was initiated.

Statute of limitation for initiated procedures
Article 120

If tax liabilities have been assessed or ordered by a decision of the Tax Administration which became enforceable before the date of entry into force of this Law, such liabilities shall be subject to the statute of limitation prescribed under the Law which was in force at the time the decision became enforceable, i.e. at the time the statute of limitation for their collection started to run.

Reporting assets and obligations
Article 121

(1) Natural persons and connected natural persons directly or indirectly included in controlling a legal entity, as well as a natural person performing self-employed business activity and their connected natural persons are obliged to, within four months from coming into force of this Law, submit an application for recording assets and obligations in country and abroad, with the status on 31 December 2019.

(2) Natural person is participating directly or indirectly in control of a legal entity when that person owns directly or indirectly at least 25% of stocks or share in that legal entity or when that person has de facto possibility to control business decisions of the legal entity.

(3) Person has de facto a possibility to control business decisions of a legal entity when it personally or through connected persons:

- 1) has or it controls 25% or more voting rights in a company,
- 2) has control over formation of company's board of directors,
- 3) has a profit participation right of the company in the amount of 25% or more,
- 4) is a member of a family of a person directly or indirectly owning at least 25% of stocks or share in the company, or

5) has a de facto control over business decision of a company in any other way.

(4) Connected person with the natural person is a member of his family.

(5) Family members referred to in paragraph 4 of this Article are married or unmarried partners, children, adoptees, parents and adopters.

(6) Asset and obligations in terms of paragraph 1 of this Article include:

1) immovable property (apartment, house, office block or building, garage, land and other),

2) stocks, share in a legal entity and other securities,

3) equipment for performing self-employed activity,

4) motor vehicles, crafts and aircrafts,

5) savings deposits and cash,

6) other ownership rights, and

7) all obligations of a taxpayer.

(7) Data from the application for recording asset and obligations referred to in paragraph 1 of this Article is a tax secret and its primarily purpose is finding and resolving issues of authenticity of taxpayer's operations in respecting tax regulations.

Article 122

(1) Within 60 days of the date of entry into force of this Law, the Government shall issue the decree on distribution and purpose of funds from the costs of enforced collection procedure (Article 69, paragraph 3).

(2) Within 90 days of the date of entry into force of this Law, the Minister shall issue:

1) Rulebook on the form, contents, manner and conditions for the preparation and publishing of the Tax Administration Activity Report (Article 12, paragraph 3),

2) Rulebook on the manner and procedure of creation of database and categorisation of risky contribution payers in the Unified System (Article 15, paragraph 9),

3) Rulebook on procedure and manner of applying indirect methods for tax base assessment (Article 27, paragraph 3),

4) Rulebook on conditions and manner of registration and identification of taxpayers (Article 39, paragraph 3),

5) Rulebook on manner and procedure for conducting enforced collection (Article 62, paragraph 6),

6) Rulebook on procedure for issuing certificates for performing inspection activities (Article 88, paragraph 5),

7) Rulebook on manner and procedure for executing the measure of prohibition of business activity for failing to submit an application to the Unified system (Article 109, paragraph 6).

(3) Within 90 days of the date of entry into force of this Law, the director of the Tax Administration, along with the Minister's approval, shall issue:

1) Rulebook on the procedure, conditions and deadlines for filing tax return (Article 46, paragraph 7),

2) Rulebook on outlook and manner for issuing official identification and badges to authorised officials of the Tax Administration (Article 88, paragraph 6),

3) Rulebook on conditions and manner of conducting tax audit (Article 90, paragraph 8).

(4) Pending issuing of the acts referred to in paragraphs 1, 2 and 3 of this Article, the bylaws issued in accordance with the Law on the Tax Administration shall apply, unless they are contrary to this Law.

Acquiring the certificate

Article 123

Tax Administration inspectors are obliged to acquire the certificate for performing inspection activities within 18 months from the day of coming into force of the Rulebook referred to in Article 88, paragraph 5 of this Law.

Repeals

Article 124

Upon entry into force of this Law, Law on Tax Procedure of the Republic of Srpska (Official Gazette of the Republic of Srpska, 102/11, 108/11, 67/13, 31/14 and 44/16) shall cease to have effect.

Entry into force
Article 125

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

Number:
Date:

PRESIDENT OF THE
NATIONAL ASSEMBLY

Nedeljko Čubrilović