

LAW ON AMENDMENTS TO THE CORPORATE INCOME TAX LAW

Article 1

In Corporate Income Tax Law (Official Gazette of the Republic of Srpska, 94/15 and 1/17) in Article 4, paragraph 1, point 4) is changed and shall read:

“4) legal entities which are registered for the performance of non-profit activities and which generate income from: the budget or public funds, sponsorship or donations in cash or in kind, membership fees, and income from the sale or transfer of goods, except for the goods that are used or have been used to carry out activities on a market basis”.

Article 2

In point 5) of Article 7 after the word: “Law”, word “and” is deleted and comma is added.

In point 6), after the word “stocks”, full-stop is deleted and the word “and” is added.

After point 6) new point 7) is added and shall read:

“7) income from collected written-off claims, which were in previous tax periods included in tax base, but were not recognised as expenses in tax balance.“

Article 3

In Article 10, new paragraph 3 is added and shall read:

“(3) Notwithstanding Article 9, point 13) of this Law, expense of deducting value of stocks based on alignment of value is accepted in tax period in which the stocks were sold i.e. written-off under the conditions prescribed with Article 11 of this Law.”

Article 4

In Article 12a, new paragraph 4 is added and shall read:

“(4) Notwithstanding paragraph 3 of this Article, depreciation is accepted in order to conduct investments in fixed assets which are not owned by the taxpayer, under the conditions that such investments shall increase acquisition price of asset and shall not decrease rent in rental contract.”

Current paragraphs 4, 5, 6, 7 and 8 shall hereafter become paragraphs 5, 6, 7, 8 and 9.

Article 5

In paragraph 2 of Article 13 words: “i.e. when the obligation is settled and there is an outflow of resources based on a given provision,” are deleted.

Article 6

In paragraph 1 of Article 14 after the word: “loans”, words: “and credits” are added.

Article 7

In paragraph 1 of Article 22, words: “for B, C, D and E loan categories” are replaced with the following words: “except for placement that, in accordance with that regulation has high quality characteristics”.

Article 8

Name of the section 4 and Article 26 are changed and shall read:

“4. Tax Base Reduction for Investment in Production

Article 26

(1) A taxpayer that in the territory of the Republic of Srpska invests in equipment and plants for performance of a registered manufacturing activity shall be entitled to a tax base reduction in the value of the investment.

(2) The Minister shall, in accordance with the Decree on Classification of Activities of the Republic of Srpske, issue a decision prescribing list of activities referred to in paragraph 1 of this Article in order to achieve right on corporate income tax base reduction.

(3) Equipment and plant referred to in paragraph 1 of this Article are considered equipment and plants directly used on the process of production i.e. processing.

(4) The tax base reduction shall be conducted in the tax period in which the equipment and plants referred to in paragraph 1 of this Article were put into use.

(5) A taxpayer cannot exercise the right to tax base reduction for equipment and plants acquired as a gift.

(6) In the event that equipment and plants referred to in paragraph 1 of this Article have been acquired by financial lease, the tax base shall be reduced by the value of the repaid lease principal in the tax period.

(7) If equipment and plant are disposed of or given for use by the taxpayer before the expiration of period of three years from the moment when they were put into use, the taxpayer shall lose the right referred to in paragraph 1 of this Article and shall calculate and pay the tax that would have been paid if the taxpayer had not used the right to tax base reduction together with the accrued interest in accordance with the law.“

Article 9

In Article 37, new paragraph 2 is added and shall read:

„(2) Notwithstanding paragraph 1 of this Article, Ministry of Finance may determine that in certain cases different tax year shall be used.“

Current paragraphs 2 and 3 shall hereafter become paragraphs 3 and 4.

Article 10

In point 2) of Article 46 words: „in property, plants and equipment“ are replaced with words: „in equipment and plants“.

Article 11

This Law shall enter into force on the eighth day following that of its publication in the Official Gazette of the Republic of Srpska, except Article 8 of this Law which shall enter into force on 1 January 2019.

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PRESIDENT OF THE
NATIONAL ASSEMBLY

Nedeljko Čubrilović