

## Grants and incentives in Federation BiH

### 1. Grants in FBiH

Deadlines for public grant award calls are not prescribed in FBiH. However, they are published after the decision on grant awards is issued.

### 2. Corporate Income Tax Act of FBiH

**The lowest corporate income tax rate in region -10%**

#### Stimulating investments in production:

- Taxpayer investing in production equipment (by purchasing fixed assets, such as plant and equipment) in the amount of more than 50% of the realized profit of the current tax period, is exempt from the payment of 30% calculated corporate income tax for the year of investment.
- Taxpayer who, in the period of 5 consecutive years, invests in production (fixed assets such as immovable property, plant, equipment) in the amount of minimum BAM 20 million (circa EUR 10 million), from which BAM 4 million (circa EUR 2 million) within first year of investment, is exempt from the payment of 50% of the calculated corporate income tax in years of investment.

#### Stimulating long-term employment:

- The taxpayer is entitled to a tax-deductible expense in the double amount of the gross salary paid to newly recruited employees, if meeting the following conditions:
  - a) The employment contract must be concluded for full-time and for the period of not less than 12 months and
  - b) Newly recruited employee was not employed by the taxpayer or their related person in the period of previous 5 years.

### 3. Act on Free Trade Zones of BiH

**Foreign legal entity or individual can be founder of free trade zone.**

#### Advantage of working in free trade zone:

“Import” of goods into free trade zones is exempt from VAT.

### 4. Act on Excise Duties in BiH

Excise products (oil derivatives, tobacco, tobacco products, soft drinks, alcohol, alcoholic beverages and fruit brandy, beer and wine and coffee), when subject of export, are exempt from excise duty.

Fuel for planes and ships operating in international traffic is exempt from excise duty.

### 5. Customs Policy Act of BiH

Fixed assets and other equipment of enterprises, which definitively ceased their activity in a foreign country and moved to the customs territory of BiH in order to carry on a similar activity, are exempt from importation duties.

### 6. Foreign investments

Foreign investors are exempt from paying importation duties, except on passenger vehicles, slot and gambling machines.



### Deloitte's assistance

- We can help you to identify grants (when announced) and incentives which will fit the needs of your business;
- Provide professional advisory services related to documentation preparation and filing of the grant application to the relevant authority;
- Management of the process of filing the grant application;
- Consulting and coordination during the period of conclusion of contract for the use of grants;
- Provide professional advisory services in the contract implementation period (e.g. preparation of project workflow reports);
- The audit of compliance with the obligations under the existing aid agreements.

### Contacts:

If you are interested in further information regarding our services, please contact our Tax Department consultants:

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