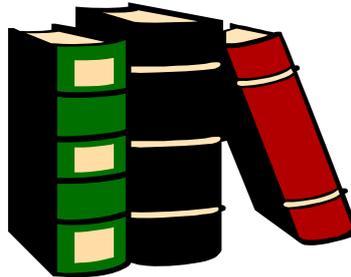




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## Department for Legal Affairs



# LAW ON AMENDMENTS TO THE LAW ON THE BUDGET SYSTEM OF REPUBLIKA SRPSKA

**“Official Gazette of Republika Srpska”, 128/06**

[NOTE: The Law on Budget System of Republika Srpska was published in the “Official Gazette of Republika Srpska”, 96/03.](#)

# **LAW ON AMENDMENTS TO THE LAW ON THE BUDGET SYSTEM OF REPUBLIKA SRPSKA**

## **Article 1**

In the Law on the Budget System of Republika Srpska (“Official Gazette of Republika Srpska”, No. 96/03, 14/04, 67/05 and 34/06), in Article 7, paragraph 1, item 4, the lines 1, 2, 3 and 4 shall be deleted.

## **Article 2**

Article 8 shall be amended to read:

### “Article 8

Revenues shared by the Republika budget and the budgets of municipalities and towns are:

1. Revenues from the indirect taxes paid to the budget of Republika Srpska from the Single Account of ITA, after the allocated part of funds for servicing external debt of Republika Srpska, which shall be divided as follows:

- Budget of Republika Srpska	72.5%;
- Budgets of municipalities and towns	24.0%;
- Budget of the “JP Putevi Republike Srpske”	3.5%.

2. Tax on citizens’ income:

- Tax on income from independent activity and
- Tax on personal income

which shall be divided between the Republika budget and municipal budget in proportion 75:25.

3. Charge on changed use of farming land, shared by the Republika budget and municipal budgets in proportion 30:70.

4. Charge on use of mineral raw materials, shared by the Republika budget and municipal budgets in proportion 30:70.

5. Confiscated property and proceeds obtained by sale of confiscated objects, falling under jurisdiction of the Republika market inspection, shared between the Republika budget and municipal budgets in proportion 70:30.

Individual participation of municipalities and towns in distribution of funds referred to in paragraph 1, item 1 of this Article shall be done on the basis of a formula, in accordance with the following criteria:

- 75% on the basis of the number of population of a municipality or town;
- 15% on the basis of the size of the area of a municipality or town;
- 10% on the basis of the number of secondary school students.

Funds referred to in paragraph 1, item 1 of this Article remitted to the municipalities and towns shall be considered general transfer and the municipalities and towns shall spend them in accordance with their budgets.”

### **Article 3**

Article 8a shall be amended to read:

#### “Article 8a

The system of distribution of revenues between the municipalities and towns referred to in Article 8, item 1 of this Law shall be carried out in a ten year period according to the formula:

- 1<sup>st</sup> year:  $X(i) = a(i) \times 0.85 + b(i) \times 0.15$   
 2<sup>nd</sup> year:  $X(i) = a(i) \times 0.80 + b(i) \times 0.20$   
 3<sup>rd</sup> year:  $X(i) = a(i) \times 0.70 + b(i) \times 0.30$   
 4<sup>th</sup> year:  $X(i) = a(i) \times 0.60 + b(i) \times 0.40$   
 5<sup>th</sup> year:  $X(i) = a(i) \times 0.50 + b(i) \times 0.50$   
 6<sup>th</sup> year:  $X(i) = a(i) \times 0.40 + b(i) \times 0.60$   
 7<sup>th</sup> year:  $X(i) = a(i) \times 0.30 + b(i) \times 0.70$   
 8<sup>th</sup> year:  $X(i) = a(i) \times 0.20 + b(i) \times 0.80$   
 9<sup>th</sup> year:  $X(i) = a(i) \times 0.10 + b(i) \times 0.90$   
 10<sup>th</sup> year:  $X(i) = b(i) \times 1$

where

$X(i)$  – is the share that the municipality or town has in the amount of funds specified for the municipalities pursuant to Article 8, paragraph 1, item 1;

$a(i)$  – is the historic share that certain municipality or town has had in the revenues from the sales tax and excises in the year 2005;

$b(i)$  – is the share that certain municipality or town has in the amount of funds specified for the municipalities after the application of the formulae referred to in article 8 of this Law.

The decision on specification of the coefficients of distribution in accordance with the formulae referred to in previous paragraph shall be made by the Government within 15 days from the day this Law enters into force.”

### **Article 4**

In Article 9, item 2 shall be deleted.

Current items 3, 4, 5, 6, 7 and 8 shall become items 2, 3, 4, 5, 6 and 7.

### **Article 5**

In Chapter “II – PREPARATION AND ADOPTION OF THE BUDGET”, in subtitle “Budget preparation”, the words: “and financial effects on the budget” shall be added.

### **Article 6**

After Article 13a, new two articles shall be added to read:

#### “Article 13b

Authorized subjects shall be bound to, in initiating, proposing and enacting new laws, bylaws and other acts, signing agreements and contracts and planning other activities, take into account possibilities of financing said activities in accordance with funds planned in budget for current year, and projections for subsequent two years presented in the Document.

#### Article 13v

In proposing the new laws, bylaws and other acts for deliberation to and adoption by the Government, i.e. competent body of the local self-government unit, the proponent shall be bound to make an explanation that shall include the assessment of financial effects that the realization of a proposed act will have on the budget.

Assessment referred to in paragraph 1 of this Article shall include data on whether the budget funds or revenues are being increased or decreased by proposed laws, bylaws and other acts.

Assessment referred to in paragraphs 1 and 2 of this Article shall obligatorily include:

- Assessed changes in revenues and expenditures for the budget year and for the subsequent two fiscal years;
- Proposals for securing sources of funds for increased expenditures;
- Proposals for securing sources of financing for decrease of budget funds.”

### **Article 7**

Article 19, paragraph 2, after the words: “subordinated budget units”, the words: “pursuant to the instruction of the Ministry of Finance” shall be added.

### **Article 8**

In Article 44, paragraph 4 shall be added to read:

“Along with the reports referred to in paragraphs 2 and 3 of this Article, the municipalities, towns and funds shall be bound to submit other reports, in accordance with the acts enacted by the Ministry.”

### **Article 9**

Article 66 shall be deleted.

Current articles 67, 68, 69, 70, 71, 72, 72a, 73 and 74 shall become articles 66, 67, 68, 69, 70, 71, 71a, 72 and 73.

### **Article 10**

In current Article 72a, which shall become article 71a, paragraph 2 shall be amended to read:

“Distribution of revenues from the indirect taxes in accordance with articles 8 and 8a of this Law shall be applied from the 1<sup>st</sup> January 2007.”

### **Article 11**

Revenues collected on the grounds of citizens' income tax realized through the application of the Law that has been in effect until 31<sup>st</sup> December 2006 shall be distributed according to the regulations and rules of distribution that had been applied until the enactment of the Personal Income Tax Law.

### **Article 12**

This Law shall enter into force on the eighth day from the day of its publishing in the “Official Gazette of Republika Srpska”.