

1. What is the corporate tax in Bosnia and Herzegovina?

The **corporate tax rate in Bosnia and Herzegovina** is 10%. Only companies with less than 9 employees and less than 100,000 BAM per year revenue and proving that no more 50% of the revenue comes from a single client are entitled to a reduced corporate tax rate of 2%.

2. What is the VAT in Bosnia and Herzegovina?

The standard rate for **VAT** is 17%, but there are some goods and services that are exempt from VAT, such as education, financial and insurance services, gambling or postage stamps.

3. How can the VAT be refunded in Bosnia and Herzegovina?

VAT refund applications have to be submitted to the Bosnian tax authorities no later than the 10th of every month.

4. What is the dividend tax in Bosnia and Herzegovina?

The dividend tax rate for FBiH (Federation of Bosnia and Herzegovina) is 5%, while in RS (Republic of Srpska) there is no dividend tax but only if the ownership in the local company is exceeding 10% of shares.

5. What are the taxes rates applied on other payments?

In the Federation a withholding tax of 10 % is applied to the interest, royalties, tax advisory services, fees for market research, insurance and reinsurance premiums and audit services. In the Republika Srpska 10% withholding tax must be paid for interest, royalties, consulting, financial, technical or administrative services, revenue paid to foreign legal persons, fees for management.

The technical service fee is 10% and there is no branch remittance tax.

6. Are there any incentives for foreign investors in Bosnia and Herzegovina?

Bosnia and Herzegovina knows the importance of **foreign investment** for the development of the country, therefore it offers many incentives to stimulate the establishment of businesses by foreign residents. Foreign investors are protected against nationalization, expropriation and requisition. Foreign investors are also entitled to freely employ foreign nationals. Besides, the 10% corporate tax rate is one of the lowest in Europe and very attractive to foreign investors.

Other incentives are granted by the double tax treaties signed by Bosnia and Herzegovina which provides the exemption or credit of the corporate tax and smaller or abolished withholding taxes on dividends, interests and royalties.

7. Why do I need a local accountant for my business in Bosnia and Herzegovina?

A **local accountant** will know how to deal with the accounting system in Bosnia more easily, provided that he or she has worked before in this area.