



ORGANIZER:
City of Trebinje

04

LEGISLATIVE – LEGAL ADVANTAGES

26TH AND 27TH MAY 2017, INVESTMENT CONFERENCE
"INVEST IN TREBINJE" / TREBINJE – REPUBLIKA SRPSKA, BIH
www.investintrebinje.com



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4.1.1. Registration of business entity

4.1.1.1. Procedure and costs for registration of business entity

Republika Srpska Law on Companies (“RS Official Gazette”, no: 127/08, 58/09, 100/11 and 67/13) regulates establishment, operation and termination of business in Republika Srpska;

Law on Registration of Business Entities in Republika Srpska (“RS Official Gazette”, no: 67/13) regulates establishment of a business entity i.e. registration of a company

Republika Srpska Law on Foreign Investments (“RS Official Gazette”, no: 25/02, 24/04, 52/11, 68/13)

Law on the Policy of Foreign Direct Investment in BiH (“BiH Official Gazette”, no: 17/ 98, 13/03, 48/10 and 22/15)

Types of foreign investments in line with the Republika Srpska Law on Foreign Investments:

1. Establishment of legal entity completely owned by a foreign investor,
2. Establishment of legal entity jointly owned by domestic and foreign investors,
3. Investment in current legal entity,
4. Special forms of investments.

Registration of a business entity with foreign investment is equalized with registration of domestic company.

Domestic partner is not needed for starting a business.

One-stop-shop system is established – you submit prepared documentation in the Intermediary Agency for IT and financial services (hereinafter: APIF)

You collect Decision on Registration in APIF after 3 days, unless no additional data is required

The cost for registration of the simplest form of a business entity (Limited Liability Company – d.o.o.) is approximately **180.00 BAM**

Registration costs include the following:

- » Founding capital + notary processing + publishing the advertisement in the Official Gazette + APIF fee + creation of seal + BiH Indirect Taxation Administration fee

Fiscalization:

- » Purchase of a fiscal device – approximately **500.00 BAM**
- » Annual maintenance of a fiscal device – approximately **500.00 BAM**

Required documentation:

1. Decision of establishment (for one staff member of LLC with minimum of 1.00 BAM equity, it is not necessary to have notary processing, it is sufficient to have notary seal of signature)
2. Decision on appointment of competent person for representation of a company – manager
3. Statement of the manager confirming the acceptance of the position (verified by notary or in the municipality)
4. Form for verified signatures of persons authorized for representing the company (verified by notary or in the municipality)

5. Identity card for founder and manager (verified by notary or in the municipality)
6. Bank certificate for payment of the founders' equity
7. Registration of business entity (electronically filled)
8. Certificate on place of residence for a person authorized for representing the company and for the founder
9. Tax certificate for founder (not to have debts)
 - » If the founder equity is larger than 1.00 BAM, or if there are more than one founder Decision on establishment is subject to **COMPULSORY** notary processing
 - » Competent court can ask for other documents that are not listed here, during the decision-making process
 - » **If a manager is a foreign citizen, he/she must have permit for temporary residence issued by competent body (BiH Ministry of Security, Department for Foreign Citizens Affairs), and verified photocopy of the permit should be enclosed in the court register.**

In line with the Law on the Policy of Foreign Direct Investment in BiH (“BiH Official Gazette”, no: 17/ 98, 13/03, 48/10 and 22/15), foreign investors are guaranteed the following:

- » National treatment of foreign investors, i.e. foreign investors shall have the same rights and obligations as residents of Bosnia and Herzegovina.
- » Foreign investors shall have the right, for the purpose of their investments, to open in the territory of Bosnia and Herzegovina accounts in any commercial bank denominated in the national or any freely convertible currency.

- » Foreign investors shall have the right to freely employ foreign employees subject to the BiH laws on labour and immigration.
- » Foreign investors shall be protected from any act of nationalization, expropriation, requisition or measures which have similar effects; such measures can be undertaken exclusively in the public interest in line with applicable laws and regulations, with the payment of appropriate compensation.
- » Foreign investors shall have the same property rights in respect to real estate as the domestic legal entities.
- » Foreign investors shall have the right to transfer abroad, freely and without delay, in freely convertible currency, proceeds resulting from their investment in Bosnia and Herzegovina.

4.1.2. Procedure for allocation of concession and registration of casino

4.1.2.1. Relevant procedures

Law on Concessions (“RS Official Gazette”, no: 59/13)

Republika Srpska Law on Games of Chance (“RS Official Gazette”, no: 111/12)

Rulebook on Spatial and Technical Conditions that casino has to fulfil and forms on daily calculation per individual table and slot machines for games of chance (“RS Official Gazette”, no: 89/09)

4.1.2.2. Conditions for organizing games of chance

Games of chance may be organized by legal entities with the seat in the territory of Republika Srpska.

Founder – responsible persons may not be sentenced for criminal acts, except for criminal acts from the field of traffic.

Special condition that concessionaire – organizer of games of chance in casino must fulfil is to have minimal initial capital in amount of **2,000,000.00 BAM**.

4.1.2.3. Procedure for allocation of concession

Republika Srpska Government shall make Decision on Concession.

The concession is given for the period of 10 years with the right to extension to the next ten years.

The concession cannot be transferred.

4.1.2.4. Financial liabilities of concessionaire

1. Having initial capital in minimal amount of **2,000,000.00 BAM**.
2. Payment of a single concession fee for organization of games of chance in casino which amount to at least **500,000.00 BAM**.
3. Payment of concession fee which is composed of fixed and variable part:
 - » Annual fixed fee per one casino is **100.000,00 BAM** – to be paid until 31 March for the previous year.
 - » Variable fee is paid on a monthly basis for the profit from games of chance (for each game separately) and it is **10%** of the set base.
 - » The base presents a collection of daily calculation for individual type of game and for individual slot machine or terminal for electronic games.

4. Tables for games of chance are to be labeled with special sticker – 20 BAM, for the period of one year.
5. Bank guarantee in amount of 25% of total planned annual costs shall be delivered on annual basis, based on fees for organization of games.
6. Concessionaire shall be obliged to have in the cash machine in casino risk-deposit of at least **50,000.00 BAM**.

4.1.2.5. Spatial-technical conditions

Facilities for games and facilities for guests and casino staff related to games, should be special unit with the surface of at least 500 m².

Casino cannot have less than five tables for games with balls, dices and cards.

If a casino is located in a hotel, that hotel must be categorized with at least three stars.

Casino obligatory must have: treasury, separate and protected space for keeping the money and other valuables, exchange office, space for catering services.

4.1.3. *Employment of foreign citizens*

4.1.3.1. Work permit

RS Public Institution Employment Institute conducts the procedure for issuance of work permits to foreign citizens, or persons without citizenship, in line with Article 4 of the Law on Employment of Foreign Citizens and Persons without Citizenship (“RS Official Gazette”, no: 24/09), on the basis of determined quota for work permit;

Request and compulsory documentation shall be filled by employer that hires foreign citizen to the Employment Institute where the employer has the seat;

Foreign citizen cannot start working in BiH based on work permit, before he/she is approved temporary place of residence. The approval for temporary place of residence shall expire within deadline of 30 days after expiration of the work permit.

Foreign citizen, who entered BiH without previously obtained work permit, cannot be granted temporary place of residence on the basis of work permit, while this foreign citizen stays in BiH!

Decision on issued work permit is made by competent branch office for employment in accordance with the seat of employer;

Decision is delivered to employer, foreign citizen, Department for Foreign Citizens Affairs and RS Labour Inspectorate;

Branch offices may not issue work permit if the records of unemployed in the Institute, in accordance with the seat of employer, has unemployed persons of the appropriate profes-

sional qualifications, unless the unemployed persons from the records refuse the job in the requested profession;

Exceptions are the foreign investors or founders of a company. Work permits shall be issued to them regardless to the fact whether there are the records of unemployed persons who fulfill the requested conditions for issuance of work permit.

Work permit shall be issues at the longest, with the expiration date of one year.

Work permit shall be issued for a certain position, i.e. for certain type of job, for three months shorter than the expiration of the passport.

4.1.3.2. Temporary place of residence

Only upon decision made on issued work permit, foreign citizen can enter BiH or repeat the entrance if he/she already entered BiH (visa-free regime) or to have appropriate visa (D visa);

Foreign citizen should submit the request for approval of temporary place of residence to the Department for Foreign Citizens Affairs.

The Department shall make decision that approves temporary place of residence and within the deadline of 3 days foreign citizens shall sign labour contract with the employer.

Foreign citizen cannot start working in BiH based on work permit, before prior approval of temporary place of residence. Validity of temporary place of residence approval shall expire within deadline of 30 days from the day of expiration of work permit.

Foreign citizen who entered BiH without previously obtained work permit, cannot be granted temporary place of residence based on work permit until this foreign citizen stays in BiH!

4.2. FAVORABLE BUSINESS ENVIRONMENT

4.2.1. Urban planning conditions

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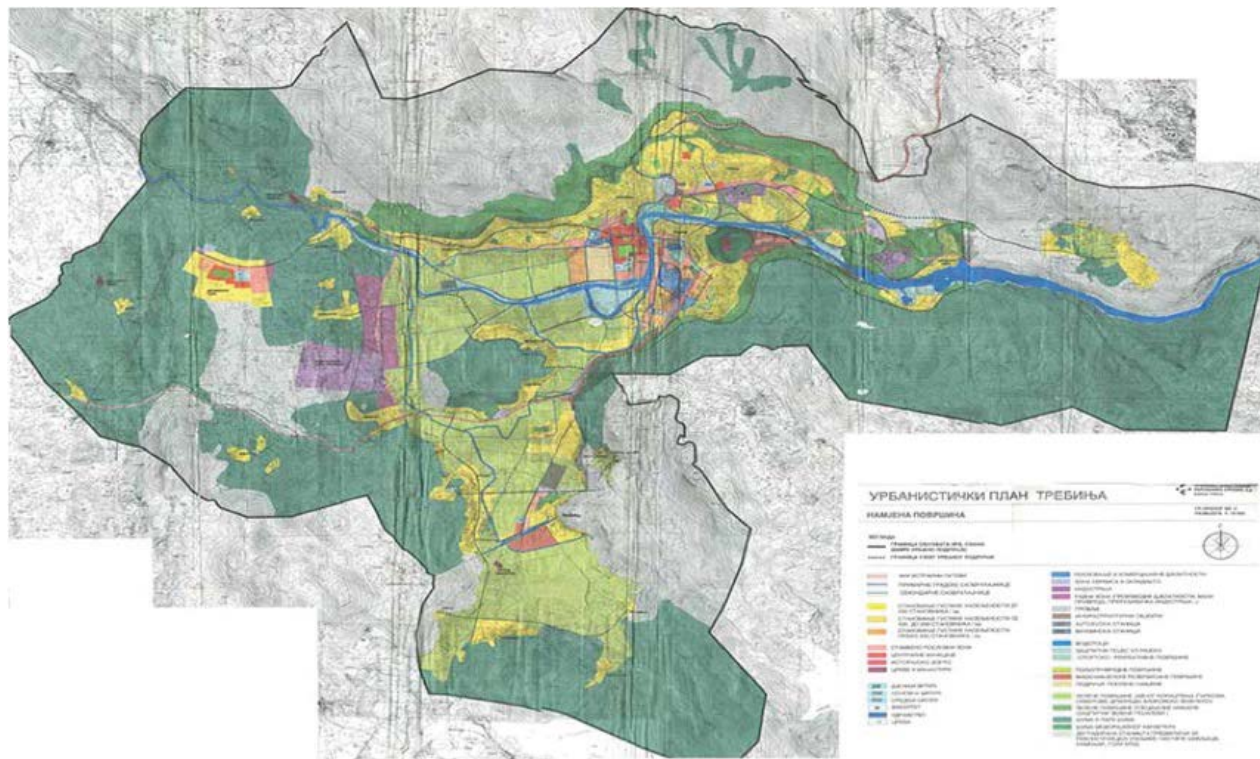
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4.2.1. Urban planning conditions

4.2.1.1. Urban plan of Trebinje City

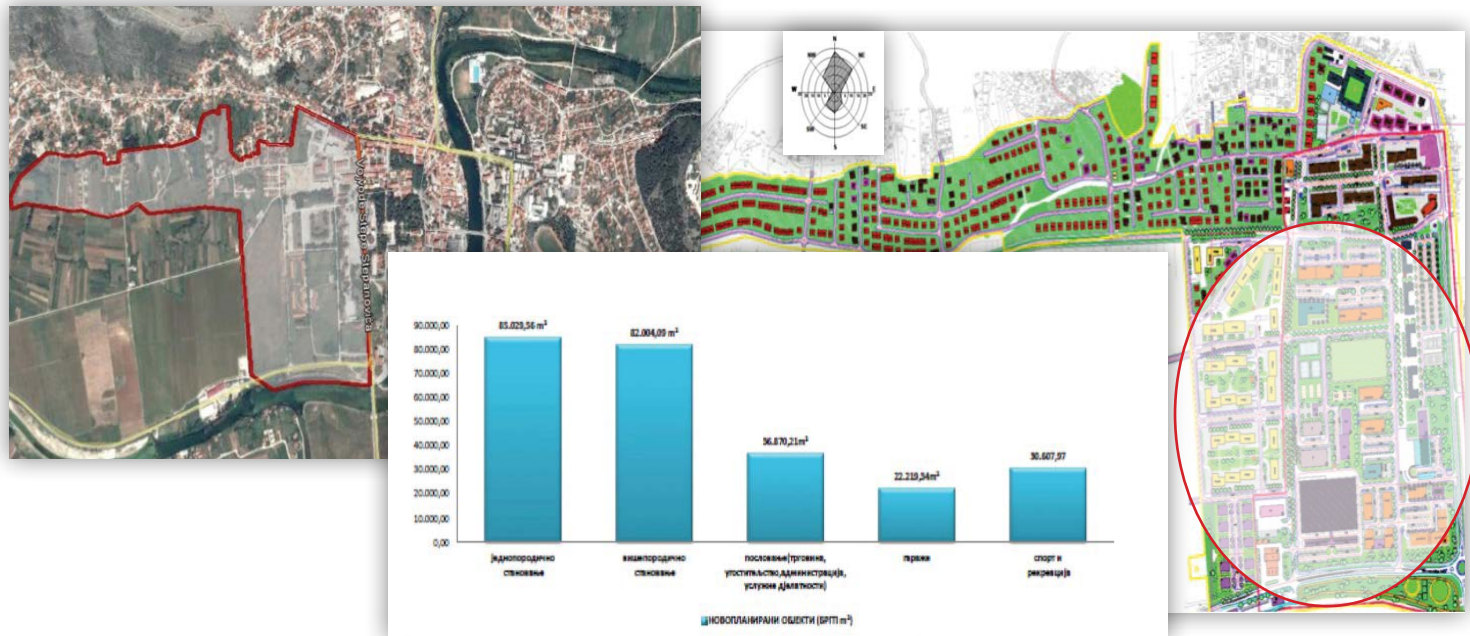


4.2.1.2. Regulation plans of Trebinje City – available construction potentials



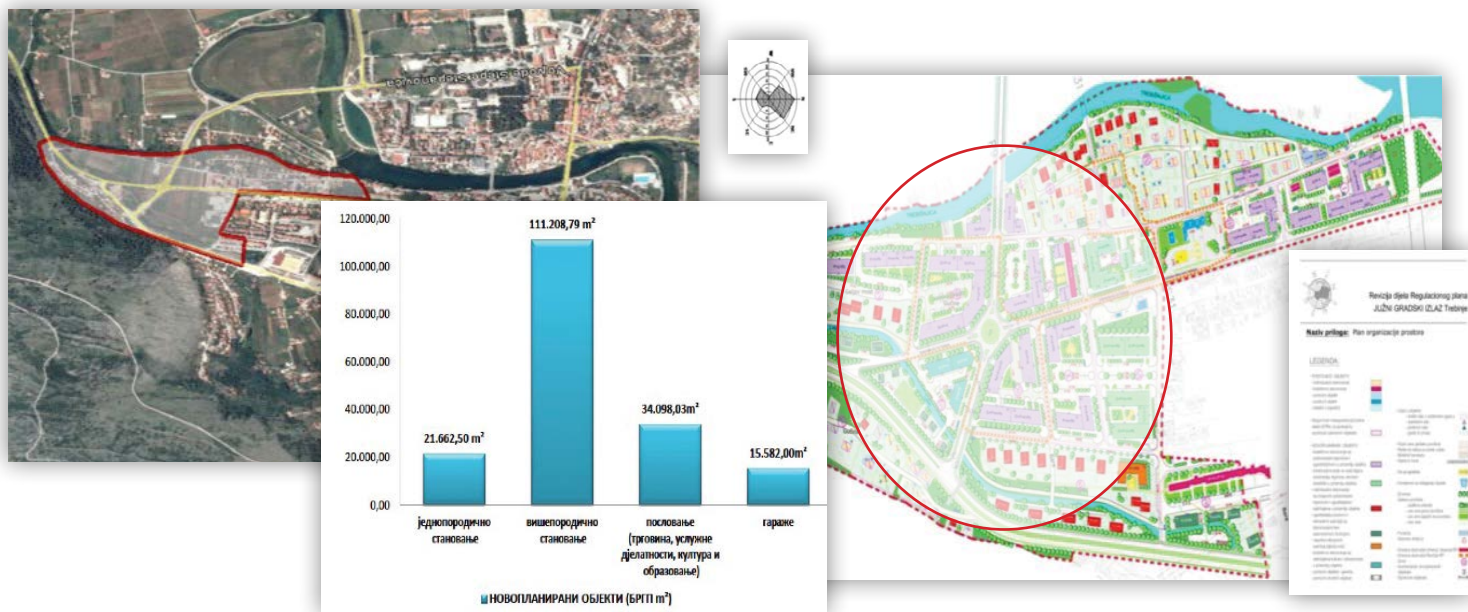
„ZASAD POLJE – ZASAD FIELD“

- » Core urban zone of Trebinje City
- » One of attractive directions for growth of the city
- » Important capacities for housing – business premises
- » Zones with elements of sport and recreation and urban green areas



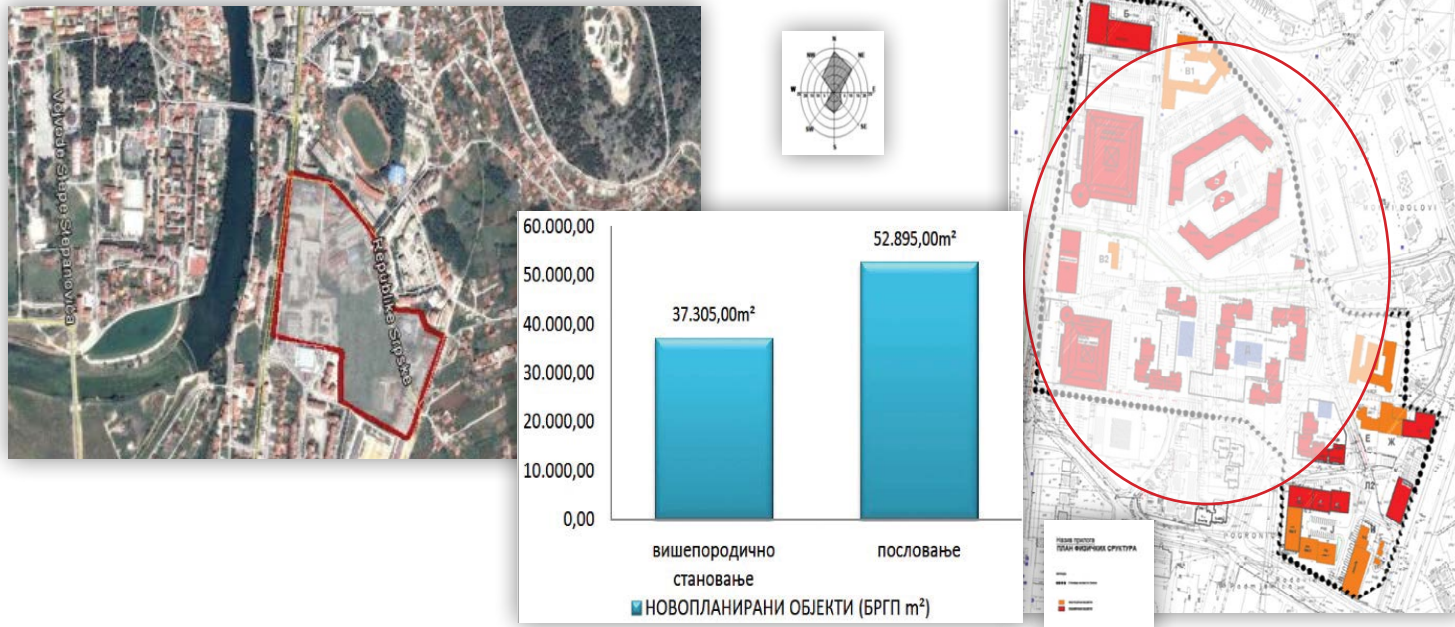
„JUŽNI GRADSKI IZLAZ - SOUTH CITY EXIT“

- » Core urban zone of Trebinje City
- » One of attractive directions for growth of the city towards south
- » Important capacities for housing – business premises
- » Zones with elements of sport and recreation and urban green areas



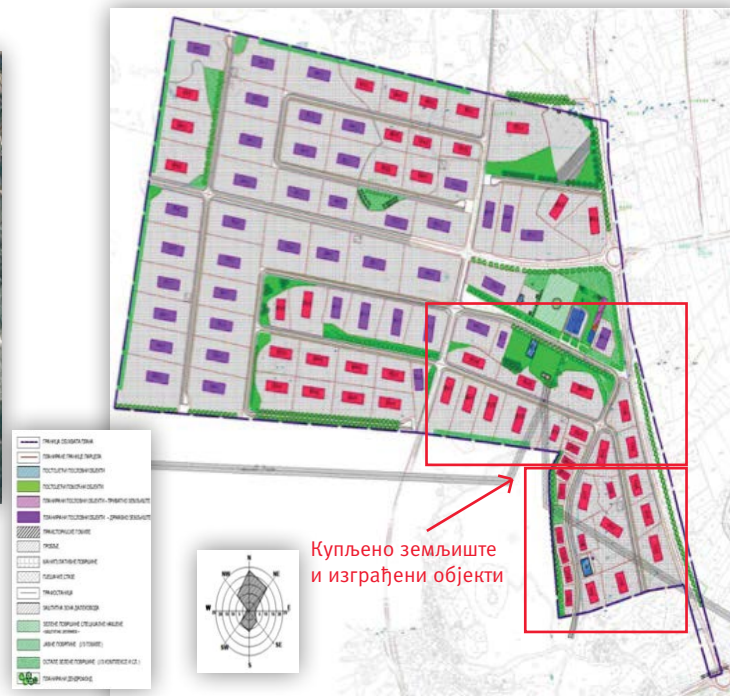
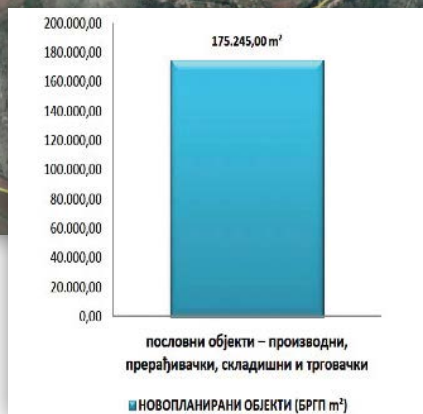
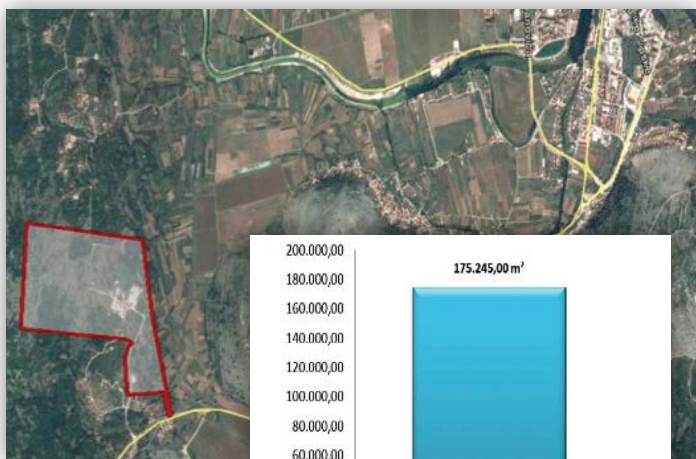
„ISTOČNI LOGOR – EAST CAMP“

- » Core urban zone of Trebinje City
- » One of attractive locations where urban reconstruction is foreseen
- » Important capacities for housing – business premises
- » Zones with planned hotel capacities



BUSINESS ZONE „VOLUJAC“

- » Wider urban zone of Trebinje City
- » Business – industrial zone along with newly planned west city detour
- » Complex of business premises is foreseen in the function of trade, production, processing and storing the goods



ZONES OF CITY CONSTRUCTION LAND IN TREBINJE CITY



4.2.1.4. Relevant regulations

Law on Spatial Planning and Civil Construction (“RS Official Gazette”, no: 40/13 and 106/15)

Rulebook on calculation of costs for spatial planning of city construction land (“RS Official Gazette”, no: 34/14 – cleansed text),

Decision on spatial planning and city construction land (“Trebinje City Official Gazette”, no: 2/16)

Decision on amount of fee for costs of spatial planning of city construction land (“Trebinje City Official Gazette”, no: 1/17)

Decision on determining the base for calculation of annuity (“Trebinje City Official Gazette”, no: 1/17)

Law on Land Survey and Real Property Cadaster (“RS Official Gazette”, no: 20/07)

Decision on determining the charge for creation of location conditions, preparation of urban – technical conditions, marking and execution of technical inspection of the premises (“Trebinje City Official Gazette”, no: 3/12)

Law on Administrative Fees (“RS Official Gazette”, no: 100/11, 103/11, 67/13)

Decision on city administrative fees (“Trebinje City Official Gazette”, no: 1/12, 6/12, 7/12, 1/13 and 4/15)

4.2.1.5. Location conditions

Location conditions present technical and professional document that determines conditions for designing projects and construction works, and they are created on the basis of the Law on Spatial Planning and Civil Construction (“RS Official Gazette”, no: 40/13 and 106/15), special laws and regulations adopted on the basis of those laws, as well as documents for spatial planning and they do not present administrative act.

Department for Spatial Planning of Trebinje City is issuing them within the deadline of 2 days maximum after the receipt of the complete request.

They are valid until changes of the current or adoption of implementation plan, if its adoption is compulsory prescribed.

Required documentation:

- » written request
- » urban – technical conditions and expert opinion
- » copy of the cadaster plan
- » description of the premise
- » approval of the competent companies for the location
- » decision on determining liabilities for implementation of impact assessment, if its implementation is compulsory in line with special regulation

- » conceptual design and proof of ownership or right to construct at the land, for premises where construction permit is not needed in line with the legal provisions.

4.2.1.6. Construction permit

Construction of the premises can only begin based on decision which issues the construction permit.

Construction permit shall be issued for construction of the entire premise or part of the premise that constitutes a technical, technological or functional unit.

Construction permit shall be issued within maximum 2 day from the day when the complete request was received.

Construction permit shall become invalid, if the construction of the premise for which it was issued does not begin within three (3) years starting from the day when it came into force.

Required documentation:

- » written request
- » location conditions
- » proof of resolved property – legal relations
- » contract on concession or public-private partnership, if for the requested construction is given a concession or a contract on public-private partnership is signed
- » main project in three copies

- » report on revision of technical documentation in line with the provisions of the Law on Spatial Planning and Construction
- » report and certificate on nostrification in cases where the main project was made in line with regulations of another country
- » ecological permit if necessary or decision on approval of impact assessment study for environment in line with regulations on protection of environment
- » Approval of competent institution (electricity supply company; water supply company; institute for protection of cultural, historical and natural heritage...)

Annuity:

- » annuity is determined per unit of usable surface in the premise (BAM/m²) included in the project, based on which the construction permit will be issued.

Annuity is paid per zones:

- » from 6.90 BAM/m² (VI zone) to 41.41 BAM/m² (I zone)
- » other construction land outside the urban plan – from 3.45 BAM/m² to 6.90 BAM/m²

Annuities are decreased for 99% for construction of business premises for production purposes in business and economic zones of Trebinje City.

Fee for costs of spatial planning of city construction land:

- » Fee for costs of spatial planning is determined per unit of usable surface in the premise (BAM/m²) included in the project, based on which the construction permit will be issued.

Fee is paid per zones:

from 25.00 BAM/m² (VI zone) to 95.91 BAM/m² (I zone)

Fee is decreased for 25% for construction of business premises for production purposes (industrial halls) in business and economic zones of Trebinje City.**Contribution for financing the survey and establishment of real property cadaster**

- » 0.3% of investment value for construction works on planned premise

Administrative city fee

- » Minimally 22.00 BAM

Fee for marking

- » From 80.00 BAM to 400.00 BAM depending on the type of premise

4.2.1.6. Construction permit – outline example of the rent and planing expenses

Врста грађевинског објекта	Construc-tion zone	Rent	planning compensa-tion	Total
Стамбено-пословни објекат корисне површине 1000 м2	I	41 410.00 BAM	95 910.00 BAM	137 320.00 BAM
	III	27 610.00 BAM	65 750.00 BAM	93 360.00 BAM
	VI	6 900.00 BAM	25 000.00 BAM	31 900.00 BAM
Производни погон корисне површине 1000 м2 (умањење ренте за 99% и трошкова уређења за 25%)	I	414.10 BAM	71 932.50 BAM	72 346.60 BAM
	III	276.10 BAM	49 312.50 BAM	49 588.60 BAM
	VI	69.00 BAM	18 750.00 BAM	18 819.00 BAM

4.2.1.7. Exploitation permit

Built facility cannot be used, i.e. put to use, before the competent authority issues an exploitation permit, based on the previously executed technical inspection of the facility.

If the commission for the technical inspection reports there is no deficiency, the competent authority is obliged to issue an exploitation permit within 5 days,.

Necessary documentation:

- » Written request
- » Two copies of construction permit with the as-built documentation
- » Certificate of completed geodetic survey of the facility
- » Evidence of completed recording of the underground installations
- » Approval of the as-built documentation when it is stipulated by the special regulation
- » Statement of the constructor about the finished construction work and the conditions for maintenance of the facility.
- » Report of the authority in charge
- » Energy certificate of the building

4.2.2. *Economy development support*

4.2.2.1. Programs of the City of Trebinje

Taxfree credit financing with the aim of new employment opportunities:

- » Hidroaccumulation of 2 000 000.00 BAM is available – from the funds acquired by the Law on Fees for Use of Natural Resources for Electricity Generation (The Official Gazette of the Republic of Srpska, No. 85/03, 75/10 and 78/11)
- » Condition for the use of credit financing is employment of workers in manufacture
- » Procedure and credit financing conditions are defined by the Decision of the City Parliament and by the Rulebook brought forth by the Mayor

Subsidizing of the amount of gross pay for newly employed in business and economy zones of the City of Trebinje:

- » For subsidies in 2017 the planned allocated funds are 500 000 BAM
- » For subsidies in 2018 the planned allocated funds are 1 000 000 BAM
- » Condition for the use of the subsidy is employment of workers in manufacture
- » Procedure and conditions of subsidizing are regulated by the Decision of the City Parliament and by the Rulebook brought forth by the Mayor

Benefits for the construction of a manufacturing facility in business and economic zones of the City of Trebinje:

- » The market value of the m2 of construction land that features communal infrastructure to the construction land ranges from 10.00 BAM to 20.00 BAM.
- » Total price of a land lease is 2% of the market value of the land.
- » Lease contract is cancelled in case that the minimum of 50% of the value of the planned project on the leased land is not realized, within 2 years from the day of the lease.

4.2.2.2. Other programs**Employment support programs and projects advertised through public announcements of the Employment Office of the Republic of Srpska:**

- » Through conducted employment projects, during the period from 2011 to 2016, a total of 16 347 persons were employed and funds in the amount of 66 860 093.10 BAM were allocated.
- » Out of this number, there were 4 236 self-employed persons and 20 722 797.87 BAM
- » The total value of the projects for the year 2017 is 10 733 224.00 BAM, for the employment of 2 548 persons recorded in the Employment Office.

Credit facilities of The Republic of Srpska Investment-Development Bank:

- » a number of credit facilities is offered, with stimulating interest rates, longer repayment period, and low processing fees and other fees that can arise from the approval of the credit.
- » Disbursements are done through commercial banks.

Credits for entrepreneurs and enterprises

- » From 30 000.00 BAM to 5 000 000 BAM.
- » Repayment period of up to 12 years (grace period of up to 24 months).

Credits for agriculture

- » From 30 000.00 BAM to 5 000 000 BAM.
- » Repayment period of up to 12 years (grace period of up to 36 months).

Monetary stimulus from the Ministry of Agriculture, Forestry, and Water Management, for the agricultural and rural development

- » Rulebook of the conditions and way of obtaining the monetary stimulus for the agricultural and rural development (The Official Gazette of the Republic of Srpska, no. 31/17)
- » For the implementation of the stimulus, 60 000 000.00 BAM are allocated from the budget of the Republic of Srpska.

Important stimulus:

- » Direct support for cattle breeding and crop production (premium);
- » Monetary stimulus based on the investment in production, processing and storing of agricultural products on the farm;
- » Monetary stimulus for plant and animal health protection;
- » Monetary stimulus for the support of equipping laboratories;

4.2.3. Human resources

4.2.3.1. Age structure of the active work force

Age structure	Employment office Trebinje
15 – 18 years of age	0
18 – 20 years of age	13
20 – 24 years of age	205
24 – 27 years of age	256
27 – 30 years of age	280
30 – 35 years of age	402
35 – 40 years of age	359
40 – 45 years of age	350
45 – 50 years of age	331
50 – 55 years of age	336
55 – 60 years of age	278
60 – 65 years of age	89
65 years of age	5
TOTAL	2 904

4.2.3.2. Qualification structure of the active work force

Qualification structure	Employment office Trebinje
unqualified	281
Semi-skilled, basic school education	21
Qualified	913
Secondary school education	1 060
Highly Skilled	22
Non-university college degree	100
University degree (180 ECTS)	84
University degree (240 ECTS)	388
Masters Degree	34
Magister Degree	1
TOTAL	2 904

4.2.3.3. The most numerous professions registered in III, IV and VII degree of professional qualification

III Degree of professional qualification

No.	professional qualification	No. of registered in the employment office Trebinje
1	metalwork	154
2	trade and related positions	214
3	catering and related positions	174
4	textile	61
5	mechanics and machine operation	115
6	electrics and energetics	65
7	drivers and related positions	17
8	wood processing	8
9	assembling and instalations	18
10	hairdressers and related positions	22

IV Degree of professional qualification

No.	professional qualification	No. of registered in the employment office Trebinje
1	finance and economy	258
2	mechanics and machine operation	156
3	grammar school	174
4	health workers	61
5	eletrics and energetics	101
6	catering and related positions	36
7	drivers and related positions	66
8	agriculture	14
9	civil engineering	29
10	textile industry	6

VII Degree of professional qualification

No.	professional qualification	No. of registered in the employment office Trebinje
1	workers in financial department and graduate economists	104
2	graduate lawyers	66
3	education system professions	
	- teachers	13
	- english language teachers	17
	- physical education teachers	10
4	social sciences	
	- pedagogue	4
	- psychologist	9
5.	graduate agriculture engineer	8

4.2.4. *Other significant resources*

4.2.4.1. Efficient local government

City Administration guarantees that Institutions and Departments are acting in harmonization with one another in order to efficiently conduct necessary procedures (Republic Agency for the Development of Small and Medium Enterprises, Financial Department, Economics Department, Department for Housing-Municipal services, Employment Office, etc.)

The Mayor appoints teams/departments that follow the investor from the moment of application until the needed permits/certificates are issued.

City of Trebinje is in the process of completing the conditions for obtaining the BFC standard and implementation of the ISO standards.

4.2.4.2. Economic Agents

Area of Economy	Name of the economic agent
Civil Engineering	“Herc Construction” Ltd. “Hercegovina Roads” Joint stock company “Leoplastik” Ltd. “Luč-invest” Ltd. “Pavičević” Ltd. “Porobić” Ltd.
Agriculture	“Agrofin“ Ltd. “Đordan Group” Ltd. “Popovo Field” Joint stock company
Processing Industry	“IAT Standars” Ltd. “Swisslion” Ltd. “Swisslion” Joint stock company
* the companies are in alphabetical order	

4.2.5. Business expenses

4.2.5.1. Taxes

Value-Added Tax:

- » Regulated by the Law on Value-Added Tax (The Official Gazette of the Bosnia and Herzegovina, no. 09/05; 35/05; 100/08).
- » Uniform rate of the Value Added Tax is 17%
- » VAT taxpayer is any person whose taxable supply of goods and services exceeds, or is likely to exceed, the threshold limit of 50 000 BAM.

Corporation Tax:

- » Regulated by the Corporation Tax Law (The Official Gazette of the Republic of Srpska, no. 94/15, 1/17)
- » At the rate of 10% on the difference between the income and capital allowance for the given accounting method.
- » Foreign legal party that conducts business action through a permanent business location in the Republic of Srpska pays the income tax on the tax base for that permanent business location.
- » **Small Taxpayer** pays taxes in the amount of 2% of the total charged income, with the minimum of 100.00 BAM.

- » **Small Taxpayer** registers under the condition that he or she has no more than 9 employees and that income does not exceed 100 000 BAM.
- » Corporation Tax Law enables reduction of tax liability for 30%, based on the investments in equipment, facilities, and real estate, for pursuit of registered production activities.
- » For employment of at least 30 new employees on an intermediate period of time, one acquires the right to have a deduction of tax base for the amount of the paid profit taxes and conveniences for the workers.

Withholding tax:

- » It is regulated by the Profit Tax Law (The Official Gazette of the Republic of Srpska, No. 94/15, 1/17)
- » It is paid simultaneously with income payout to the foreign legal entity, with the application of 10% rate on the amount of the income of the foreign legal entity, unless stated differently in the agreement for the avoidance of double taxation.
- » Withholding tax is paid simultaneously with the payout of dividend income and profit share of the foreign legal entity, with the application of 5% rate on the amount of the income, unless stated differently in the agreement for the avoidance of double taxation.

Withholding tax is not paid for:

1. The profit returned to the country of foreign legal entity which is related to his permanent business location in the Republic of Srpska, in which case the profit returned to the country signifies the remaining profit after the paid profit tax.

2. Interest rates for the credit and loan financing used by the legal entity from the Republic of Srpska and permanent business location of the foreign legal entity in the Republic of Srpska for the investment in the equipment, facilities and real estate.
3. Income collected through interest rate or its functional equivalent on debt securities issued by the Republic of Srpska or other local self-government authority in its constitution.

Profit taxes:

- » regulated by the Profit Tax Law (The Official Gazette, No. 60/15)
- » Tax rate on profit equals 10%
- » Base for payment (gross income amount – contributions – income exempt from taxes)
- » income exempt from taxes equals – 200,00 BAM

4.2.5.2. Contributions

- » Law on contributions (The Official Gazette of the Republic of Srpska, No. 116/12, 103/15).
- » The rate of contributions on the gross pay equals 33%, as follows:
 - 18,50 % contributions for the Pension and Disability Insurance Fund;
 - 12,00% contributions for health insurance;
 - 1,5% contributions for child protection;
 - 1,00% contribution for employment

4.2.5.3. Taxes and reimbursements

Special republic tax

- » Law on Special Republic Taxes (The Official Gazette of the Republic of Srpska, no. 8/94; 3/96; 29/00; 18/01; 22/01; 60/03; 14/04; 41/05; 51/06; 52/14).

Prescribed on the annual basis, as follows:

- » Banking, energetics, postal and telecommunication services, insurance of property and persons and other financial mediation – **5 000.00 BAM.**
- » Trade – **2 500.00 BAM**
- » Other activities – **500.00 BAM**

For the first year of business a tax of **100.00 BAM** is paid.

Middle legal parties pay a 20% lower tax from the prescribed amount, and small legal parties pay a 40% lower tax.

Public Utility Tax:

- » Utility Taxes Law (The Official Gazette of the Republic of Srpska, no. 4/12)
- » Utility Tax Decision (The Official Gazette of the City of Trebinje, no. 3/12, 10/13, 4/14, 3/16)
- » Upon the reception of the locational conditions, the investor becomes a payer of the utility tax issued by the Department for Housing-Municipal services of the City of Trebinje.

Public utility rate:

- » Utility Activities Law (The Official Gazette of the Republic of Srpska, 124/11)
- » Decision on Utility Rate (The Official Gazette of the City of Trebinje, no. 10/13)
- » Taxpayers are: carriers of property rights, disposal and use rights, i.e. lease on resident, business, and other space; the users of the constructed facility, with or without a construction permit, which is constructively finished and is being used.
- » It is paid in 12 monthly installments.
- » Utility rate per unit is determined based on the amount of points depending on the zone where the construction land is (from 80 points – zone VI, to 150 points – zone I).
- » Monthly amount is calculated through multiplication of the number of points by the point value and the used constructed area of the facility (the point value is determined by the City Council).

4.2.5.4. Operational expenses

Name of the expense	Price for the economic agents
WATER – services of the “Vodovod” joint stock company from Trebinje	Drinking water – 2 214 BAM/m ³ taxes excluded Sewage system – 0,42 BAM/ m ³ taxes excluded Sewage treatment – 0,47 BAM/ m ³ taxes excluded Monthly subscription for watter meter attachment ranges from 9,12 BAM to 59,49 BAM taxes included
WASTE MANAGEMENT – services of “Komunalno” joint stock company from Trebinje	0,26 BAM/m ² taxes excluded
ELECTRICAL ENERGY	CATEGORY 0,4 KV (OTHER CONSUMPTION) 0,5 BAM/KWH – 0,20 KM/ KWH. FOR DETAILED INFORMATION VISIT WWW.REERS.BA
TELECOMMUNICATION average prices for landline and mobile phones of Telecom operators in Bosnia and Herzegovina	Access tax app. 20,00 KM taxes excluded Monthly subscription app. 16,00 BAM taxes excluded

4.2.6. *Investor protection*

4.2.6.1 National treatment of foreign investors

Rights of foreign investors in the Republic of Srpska are defined and protected by the Constitution of the Republic of Srpska

Law on Foreign Investments of the Republic of Srpska (The Official Gazette of the Republic of Srpska no. 25/02; 24/04; 52/11;68/13) and the policy of direct foreign investments in Bosnia and Herzegovina („The Official Gazette of the Bosnia and Herzegovina“, no. 17/98, 13/03, 48/10, and 22/15) guarantee to the foreign investors a national treatment, i.e. the foreign investors have the same rights and responsibilities as residents of Bosnia and Herzegovina.

4.2.6.2. Risk protection

Foreign investors, worried about restrictions in transfer of income, expropriation, war and civil riots and justice denials, can be insured against these risks at the Multilateral Investment Guarantee Agency (MIGA, part of the World Bank Group).

During investing, insurance to investors against political risks is offered by the American “Overseas Private Investment Corporation” (OPIC).

4.2.6.3. Investment Protection Treaties

Bosnia and Herzegovina signed the contracts on promotion and protection of the investments with the following countries: Albania, Austria, Belgium, Belarus, Montenegro, Czech Republic, Denmark, Egypt, Finland, France, Greece, Netherlands, Croatia, India, Iran, Italy, Canada, Qatar, China, Kuwait, Lithuania, Hungary, F.Y.R. of Macedonia, Malaysia, Moldavia, Germany, Pakistan, Portugal, Romania, San Marino, Slovakia, Serbia, Slovenia, Spain, Switzerland, Sweden, Turkey, Ukraine, Great Britain, and the countries of OPEC.

4.2.7. Review of key conveniences

No.	Conveniences offered by the city of Trebinje	Other conveniences
1	Rent reduction for 99% - for the construction of production buildings in business and economy zones of the City of Trebinje	Programs and projects of support for employment through Public calls from the Employment Office of the Republic of Srpska
2	Reduction of contribution expenses of construction land planning for 25% - for the construction of production buildings in business and economy zones of the City of Trebinje	Credit facilities of the the Republic of Srpska Investment-Development Bank. They offer several credit facilities with stimulative interest rates, longer period of repayment and low processing costs and other costs arising from credit financing approval.
3	Market price of m2 of construction land for building of production building in business and economy zones from 10,00 BAM to 20,00 BAM.	Monetary stimulus for rural and agricultural development of the Ministry of Agriculture, Forestry and Water Management of the Republic of Srpska.

No.	Conveniences offered by the city of Trebinje	Other conveniences
4	Price of construction land lease for the production in business and economy zones, equals 2% of the market price of the land.	Law on taxes on income of the Republic of Srpska: - reduction of tax liability for 30%, based on the investments in equipment, facilities and real estate for pursuit of registered production activities. - for employment of at least 30 new employees on an intermediate period of time, one acquires the right to have a deduction of tax base for the amount of the paid taxes on income and conveniences for the workers
5	Credit financing exempt from taxes and for the purpose of creating new work places from the realised funds according to the Law on Fees for Use of Natural Resources for Electricity Generation. Condition for the use of credit funds is employing workers in the manufacture.	Registration of the company within 3 days from the reception of the complete documentation.
6.	Subsidizing of the amount of the gross pay for the unemployed in business and economy zones of the City of Trebinje. Condition for the use of the subsidy is employing workers in the manufacture.	
7.	Locational conditions and construction permit is issued within two days from the reception of the complete request.	

4.3. INTERNATIONAL COOPERATION

4.3.1. Creating a favorable business environment through international cooperation

4.3.1.1. Cooperation mechanisms of the cities of Trebinje and Dubrovnik

4.3.2. Leadership academy for international cooperation

4.3.1. Creating favorable business environment through international cooperation

4.3.1.1. Cooperation mechanisms of the cities of Trebinje and Dubrovnik



They represent a response to expressed readiness of the cities of Trebinje and Dubrovnik for establishing a higher level of cooperation in all areas in a structured way;

They define steps that need to be established in order for the aforementioned cooperation to follow the economic and social needs of the partner cities;

They imply establishment of the permanent informal authorities that consist of the representatives of the partner cities on an equal basis;

For beginning, activities that will not demand significant financial or other resources;

Activities at hand will be conducted towards establishment of trust, communication channels, and common work methods in order to achieve visible accomplishments that will be the **basis for achieving important common goals of the partner cities in the future.**

4.3.2. *Leadership Academy (LAP) for international cooperation*

Leadership academy of the Council of Europe is a course of learning and acting which aims at mayors, chiefs, higher local-government officials, and elected representatives of the local government.

The academy is led by international and local experts in the name of the Council of Europe and the Reform Expertise of the Local Self-government Center.

The end goal of LAP is the adoption of knowledge and tools which will provide the participants with even better governing skills for everyday jobs inside their institutions.

This is an interactive program which is implemented through application of the cooperation method of all participants.

LAP lasts for a number of months, in three separate stages, in the duration of three days, with a minimum attendance of 25 participants.

LAP consists of three phases:

1. Leadership for organizations
2. Leadership strategies
3. Capacity building



The end goal of the organization of LAP for political representatives of the cities of Dubrovnik, Trebinje, Herceg Novi, and Kotor is forming of an „European Grouping of Territorial Cooperation“ (EGTC) platform on this international area.

EGTC is a platform whose goal is to ease the experience exchange in the fieldwork, by promoting EGTC as a tool for territorial cohesion and dissension of visibility to EGTC projects with international influences.

LAP is a first concrete a first specific activity in which, after the war, the tripoint (Dubrovnik, Trebinje, Herceg Novi/Kotor) is cooperating!

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