



## TEŠANJ MUNICIPALITY



# INCENTIVES AND BENEFITS TO INVESTORS

Businessmen investing in the territory of the Tešanj Municipality have available incentives awarded from different levels:

## Municipal incentives

Investments planned to be made in business zones Vila, Glinište and Bukva are exempt from all municipal fees, and the Municipality also offers allocation of municipal land (approximately 9.5 ha) free of charge, provided that the investor:

- ➔ Starts business on the selected location within 2 years of the day of signing the contract and obtaining necessary permits
- ➔ Employs at least 50 workers in the first year of business operation (30 workers, if the land is privately owned within the business zones)
- ➔ Has an ongoing increase in the number of employees for at least 10 workers annually for a period of 10 years from the year the business operation started (5 workers, if the land is privately owned within the business zones)
- ➔ Operates on the same location for at least 20 years of the day of founding

### 1. Decision on communal fees

Disabled war veterans with over 50% disablement pay the communal fee for the display of company name in the amount of 50% of the prescribed fee, provided that the disabled war veteran is engaged in the activity registered as a physical entity. Activities of the following physical entities in the field of service crafts and traditional crafts are exempt from paying the communal fee for the display of company name: watchmakers, shoemakers, blacksmiths and manufacturers of lime and plaster. The determined communal fee shall be reduced by 50% if the company name is displayed in the second half of the current year.

### 2. Decision on construction land

For business and production facilities where the calculation of fee for using the construction land amounts to KM 500.00-1,000.00, the maximum amount of the fee may not exceed KM 500.00, while for business and production facilities where the calculation of fee for using the construction land exceeds KM 1,000.00, the maximum amount of the fee may not exceed KM 1,000.00.

## Incentives at the level of the Zenica-Doboj Canton

- ➔ Subsidy for the part of administrative costs of investors in production activities (fees for construction land, fees for the change of designation from construction to agricultural land, utility connection fees, administrative, court and other fees and charges to panels)
- ➔ Financial support foreseen for covering the part of administrative costs of construction of production facilities and purchase of machines and equipment. Craftsmen may obtain funds in the amount of five percent of the total investment, which may range between KM 10,000 and KM 100,000.

## Poticaji na nivou FBIH

- ➔ Employment co-financing programme (Employment Bureau of the Federation) – via the following measures:
  1. Strengthening competitiveness in the labour market – First work experience
  2. Employment co-financing – An opportunity for all
  3. Periodical/season employment co-financing
  4. Employment co-financing of less employable people – A job voucher 2015



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- ➔ A company that generated income by export in the amount of over 30% of the total generated income in the year for which income tax is determined shall be exempt from paying income tax for that year.
- ➔ A company whose investment in the production has been minimum 20 million KM in the territory of FBiH in the period of 5 consecutive years shall be exempt from paying income tax for a period of 5 years starting from the first year of investment in which minimum 4 million KM must be invested.
- ➔ A company employing over 50% disabled people or persons with special needs for over a year shall be exempt from paying the income tax for the year such people were employed.
- ➔ A company – business unit of a resident founded, or established, or with the actual administration and control over business outside the territory of the Federation but in Bosnia and Herzegovina shall be exempt from paying the tax on income generated by business operations in the territory of the Federation.

### Incentives at BiH level

State-level incentives are realised on the following grounds via the Indirect Taxation Authority of BiH:

No.	Name and short description of incentive
1	VAT exemption at importation of goods to business zones.
2	Equipment released for free circulation representing an investment by a foreign person, except for passenger vehicles, entertainment and slot machines, shall be granted relief of import duty.
3	Goods released for free circulation for projects of rebuilding and reconstruction of BiH shall be relieved of import duty.
4	Equipment released for free circulation intended for production activity in the free zone shall be relieved import duty.
5	Fixed assets and other equipment belonging to companies that have definitely terminated their activity in a foreign country and transferred it to the customs territory of BiH shall be relieved of duty.
6	Relief of duty for products that farmers from BiH obtain in the land situated in a foreign country.
7	Relief of import duty on goods imported for trade and promotional purposes

Additionally, there is an aftercare Fund for Support to Foreign Investors managed by the Council of Ministers of BiH and FIPA allocating the funds once a year via a public call.

### An example of calculation of investment incentives for a company exporting over 30% of the production

Number of jobs	50		
Land within the business zone	10,000 m²		
Hall	4,000 m²		
Value of investment	2 million KM		
REALISED INCENTIVES			
Income tax rate	Land free of charge	Fee for using the construction land	Administrative costs, purchase of machines and equipment
10% / exempt	Value: KM 250,000.00	KM 1,000.00	KM 10,000.00 (5% of total investment)
TOTAL REALISED INCENTIVES: KM 261,000.00 plus 10% exemption from income tax			

### Services provided by COBITES concerning incentives

- ➔ Information on available incentives for investment at all levels.
- ➔ Calculating approximate amounts of incentives which the investor may get on different grounds.
- ➔ Mediation in the realisation of incentives upon the request of the investor.



**COBITES** – Competitive Business -  
Based on Investment, Trade and Export Service Centre

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