

# Bosnia and Herzegovina

1. This report is Bosnia and Herzegovina's first annual peer review report. Consistent with the agreed methodology this report covers: (i) the domestic legal and administrative framework, (ii) the exchange of information framework as well as (iii) the appropriate use of CbC reports.
2. The filing obligation for a CbC report in Bosnia and Herzegovina applies to reporting fiscal years commencing on or after 1 January 2018.

## Summary of key findings

3. Bosnia and Herzegovina has legislation requiring the filing of CbC reports which meets all of the requirement with the exception that:
  - It is recommended that Bosnia and Herzegovina take steps to ensure that the filing requirement for CbC applies equally to all relevant entities with no exemptions.
  - It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise clarify that the threshold requirement timing applies in line with the standard.
  - It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise ensure that the filing deadline is not more than 12 months from the end of the reporting fiscal year.
  - It is recommended that Bosnia and Herzegovina take steps to implement procedures to ensure compliance with their filing requirement.
4. It is recommended that Bosnia and Herzegovina take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Bosnia and Herzegovina has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.
5. It is recommended that Bosnia and Herzegovina take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference (OECD, 2017<sup>[3]</sup>) relating to the exchange of information framework ahead of the first exchanges of information.
6. It is recommended that Bosnia and Herzegovina take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information.

## Part A: The domestic legal and administrative framework

7. Bosnia and Herzegovina has legislation in place for implementing the BEPS Action 13 minimum standard.

### ***(a) Parent entity filing obligation***

8. Bosnia and Herzegovina has legislation that imposes a filing obligation on Ultimate Parent Entities of MNE Groups, which have a consolidated group revenue over a certain threshold, whereby all required Constituent Entities of the MNE Group are included in the CbC report.

9. Bosnia and Herzegovina has three tax administrations covering three jurisdictions for CbC reporting. Only one of these jurisdictions has a full set of reporting requirements. This lack of reporting requirements in two of the tax jurisdictions means that there is an effective exemption from filing for MNE groups which would otherwise have to file in Bosnia and Herzegovina if they are resident for tax in those regions. Additionally one other region of Bosnia and Herzegovina has a filing requirement with a threshold set at 750m Euro rather than the local equivalent. This different threshold may further result in MNE groups falling into the filing requirement in one tax administration and not in the other result in a further effective exemption.

10. It is recommended that Bosnia and Herzegovina take steps to ensure that the filing requirement for CbC applies to all relevant entities in Bosnia and Herzegovina equally with no exemptions.

11. Bosnia and Herzegovina apply a threshold requirement, which is at a level in line with the standard, but is measured against the MNE group turnover in the reporting year rather than the year before the reporting year in order to assess whether filing is required.

12. It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise clarify that the threshold requirement timing applies in line with the standard.

### ***(b) Scope and timing of parent entity filing***

13. Bosnia and Herzegovina has a filing requirement commencing from fiscal years beginning on or after 1 January 2018 requiring all and only all of the information contained in the CbC reporting template in the Action 13 report. The filing deadline for this report in Bosnia and Herzegovina is 31 March of the year following the end of the reporting year. Where a reporting year ends between 1 January and 31 March this will mean that the filing deadline is more than 12 months after that reporting year end.

14. It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise ensure that the filing deadline is not more than 12 months from the end of the reporting fiscal year

### ***(c) Limitation on local filing obligation***

15. Bosnia and Herzegovina do not have a local filing requirement.

### ***(d) Limitation on local filing in case of surrogate filing***

16. Bosnia and Herzegovina do not have a local filing requirement.

### ***(e) Effective implementation***

17. Bosnia and Herzegovina have a penalty regime for MNE Groups who fail to file or make an inaccurate filing of a CbC report but do not have a process for ensure that all MNE groups who should file do so.

18. It is recommended that Bosnia and Herzegovina take steps to implement procedures to ensure compliance with their filing requirement

### ***Conclusion***

19. Bosnia and Herzegovina has legislation requiring the filing of CbC reports which meets all of the requirement with the exception that:

- It is recommended that Bosnia and Herzegovina take steps to ensure that the filing requirement for CbC applies equally to all relevant entities with no exemptions.
- It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise clarify that the threshold requirement timing applies in line with the standard.

- It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise ensure that the filing deadline is not more than 12 months from the end of the reporting fiscal year.
- It is recommended that Bosnia and Herzegovina take steps to implement procedures to ensure compliance with their filing requirement.

## Part B: The exchange of information framework

### ***(a) Exchange of information framework***

20. As of 31 March 2020, Bosnia and Herzegovina has no bilateral relationships in place for the exchange of CbC reports. It is recommended that Bosnia and Herzegovina take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Bosnia and Herzegovina has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.

### ***(b) Content of information exchanged***

21. Bosnia and Herzegovina does not have processes or written procedures in place that are intended to ensure that each of the mandatory fields of information required in the CbC reporting template are present in the information exchanged.

### ***(c) Completeness of exchanges***

22. Bosnia and Herzegovina does not have processes or written procedures in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC report with which it should exchange information as per the relevant QCAA.

### ***(d) Timeliness of exchanges***

23. Bosnia and Herzegovina does not have processes or written procedures in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAs.

### ***(e) Temporary suspension of exchange or termination of QCAA***

24. Bosnia and Herzegovina does not have processes or written procedures in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA would be carried out only as per the conditions set out in the relevant QCAA.

### ***(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance***

25. Bosnia and Herzegovina does not have processes or written procedures in place that are intended to ensure that its Competent Authority consults with the other Competent Authority before making a determination of systemic failure or significant non-compliance with the terms of the relevant QCAA by that other Competent Authority.

### ***(g) Format for information exchange***

26. Bosnia and Herzegovina has not confirmed the format that will be used for the international exchange of CbC reports.

### **(h) Method for transmission**

27. Bosnia and Herzegovina has not indicated confirmed the mechanism that it will use to exchange CbC reports.

### **Conclusion**

28. It is recommended that Bosnia and Herzegovina take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Bosnia and Herzegovina has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.

29. It is recommended that Bosnia and Herzegovina take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference (OECD, 2017<sup>[3]</sup>) relating to the exchange of information framework ahead of its first exchanges of information.

## **Part C: Appropriate use**

### **Appropriate use**

30. Bosnia and Herzegovina does not yet have measures in place relating to appropriate use.

31. It is recommended that Bosnia and Herzegovina take steps to have measures in place relating to appropriate use ahead of the first exchanges of information remains in place.

### **Conclusion**

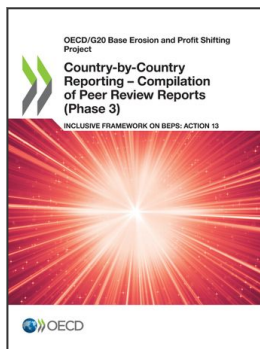
32. It is recommended that Bosnia and Herzegovina take steps to ensure that the appropriate use condition is met ahead of its first exchanges of information.

## **Summary of recommendations on the implementation of Country-by-Country Reporting**

<b>Aspect of the implementation that should be improved</b>		<b>Recommendation for improvement</b>
Part A	Domestic legal and administrative framework	It is recommended that Bosnia and Herzegovina take steps to ensure that the filing requirement for CbC applies equally to all relevant entities with no exemptions. It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise clarify that the threshold requirement timing applies in line with the standard. It is recommended that Bosnia and Herzegovina take steps to amend legislation or otherwise ensure that the filing deadline is not more than 12 months from the end of the reporting fiscal year. It is recommended that Bosnia and Herzegovina take steps to implement procedures to ensure compliance with their filing requirement.
Part B	Exchange of information framework	It is recommended that Bosnia and Herzegovina take steps to put in place an exchange of information framework that allows Automatic Exchange of Information and have QCAAs in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use prerequisites and with which Bosnia and Herzegovina has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.
Part B	Exchange of information framework	It is recommended that Bosnia and Herzegovina take steps to implement the necessary processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework.
Part C	Appropriate use	It is recommended that Bosnia and Herzegovina take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information.

## References

- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]



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