



EUROPEAN UNION

Delegation of the European Commission to Bosnia and Herzegovina

Sarajevo, 04 June 2009  
DELBIH/PIS/MVB/ace(2009)D/1422

Dear Sir/Madam,

I am pleased to inform you that the EC Delegation and the BiH Indirect Taxation Authority have finalised the drafting of the detailed instructions for regulation of the VAT exemption. The *Instruction on the procedure for the implementation of customs and tax exemptions in accordance with the Framework Agreement between Bosnia and Herzegovina and the Commission of European Communities on the rules of cooperation regarding financial assistance to Bosnia and Herzegovina within provision of assistance through the Instrument for Pre-Accession Assistance (IPA)* was published in the BiH Official Gazette on 01 June 2009. Please find attached the Instruction in English and local language as well as the Guidelines for its application.

As soon as the Instruction enters into force (8 days after its publication in the Official Gazette; on 9 June) projects funded from IPA program will be exempted from payment of VAT. The contractors who paid VAT in the meantime, will receive refund as stipulated in the Article 8 of the Instruction.

This Instruction enables our supply contractors to request at the same time VAT exemption and customs clearance for the goods imported in BiH. In order not to overburden the ITA Administration, the VAT on invoices in amount up to 200 KM will be considered as eligible expenditure by the EC Delegation

Please note that projects funded from CARDS program continue to be subject to VAT payment and refund procedure, because the exemption has its legal basis in the ratified IPA Framework Agreement. Also, projects funded from CARDS program continue to apply separate customs clearance procedure for goods imported to BiH.

The new contact person for the VAT and Customs issues in the Delegation is Ms. Edbera Bikovic [edbera.bikovic@ec.europa.eu](mailto:edbera.bikovic@ec.europa.eu). To enable us to efficiently implement this procedure, please provide your request for exemption well in time with all required documents.

Yours sincerely,

Marc Vanbrabant  
Head of Contracts and Finance Section