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## **THE LAW ON REAL ESTATE TAX**

### Article 1

This Law regulates the taxation of real estate in the Republic of Srpska, exemption from taxation and reduction of the tax base, method of payment of taxes and liabilities of the Tax Administration of the Republic of Srpska, other bodies of the Republic of Srpska and cities and municipalities in the area of real estate tax.

### Article 2

The terms used herein have the following meanings:

- 1) estimated market value of real estate is the value of real estate for taxation purposes in accordance with this Law,
- 2) tax bill is an excerpt from the Fiscal Register of Real Estate, with which the Tax Administration of the Republic of Srpska (hereinafter ‘the Tax Administration’) determines the tax liability of the taxpayer in a given tax period,
- 3) Fiscal Register of Real Estate (real estate tax database) is a public record in writing or in electronic form, which is kept by the Tax Administration,
- 4) real estate is the land and all that is permanently attached to it or built on, above or below land surface,
- 5) taxpayer is a natural or legal person responsible for the payment of taxes in accordance with this Law,
- 6) tax period represents calendar year,
- 7) list of real estate is an annual excerpt from the Fiscal Register of Real Estate for each municipality or city, which includes the identification for each real estate, address and estimated value and
- 8) institutions are administrative bodies, public institutions and public services.

### Article 3

- (1) The subject of taxation by real estate tax shall be the real estates in the Republic of Srpska which are not exempted from taxation in accordance with this Law.
- (2) Buildings and land that make up a whole, and are not owned by the same person, may be taxed separately.
- (3) Residential and business units that are part of buildings shall be taxed separately.

#### Article 4

(1) The tax base for calculation of the real estate tax shall be the estimated market value of the real estate determined in accordance with this Law.

(2) For each fiscal year, the estimated market value of the real estate that is the basis for the calculation of the tax shall be its value as of 31 December of the previous year.

(3) Not later than 31 January of the current year, the assemblies of cities and municipalities shall submit to the Tax Administration in writing the decision on the amount of real estate value by zones on their territories for the following real estates:

- 1) land (for construction, agriculture, forestry, industry, etc.) and
- 2) buildings (apartment, house, commercial, industrial and other facilities).

(4) The Tax Administration shall determine the tax base from the value referred to in paragraph 3 of this Article and characteristics of real estate specified in the application for entry in the fiscal real estate register.

(5) For each real estate characteristic, the Tax Administration shall determine the value of the coefficient to be used to adjust the market value of real estate referred to in paragraph 3 of this Article.

(6) The Tax Administration shall publish the value of the coefficients referred to in paragraph 5 of this Article annually in electronic form on the official website of the Tax Administration.

(7) Notwithstanding paragraph 2 of this Article, if municipalities and cities fail to deliver the decision referred to in paragraph 3 of this Article within the prescribed period, the real estate tax for the current year shall be calculated using the latest delivered decision, and if there is no decision on the amount of real estate value by zone, the Tax Administration shall not issue a tax bill.

#### Article 5

(1) The taxpayer of the real estate tax shall be the real estate owner.

(2) In the case of co-ownership and joint ownership of real estate, each co-owner and each joint owner shall be the taxpayer, in proportion to ownership share.

(3) If the property owner cannot be determined or found, the taxpayer under this Law shall be the person using the real estate on any basis.

(4) The status of taxpayer referred to in paragraph 3 of this Article shall not be a basis for acquiring any rights to real estate.

#### Article 6

(1) The liability of real estate tax shall arise on the day when the taxpayer acquires or starts to use real estate, whichever comes earlier.

(2) Real estate under construction shall be subject to tax according to the percentage of construction on the day of valuation.

#### Article 7

(1) Upon occurrence of tax liability, the taxpayer shall submit an application to the Tax Administration for entry in the fiscal real estate register.

(2) The application referred to in paragraph 1 of this Article shall be submitted to the regional unit of the Tax Administration according to the location of the real estate within 30 days from the date of tax liability occurrence.

(3) Within two days of receipt of the application, the Tax Administration shall enter the data into the fiscal register of real estate and assign a tax code to each real estate.

(4) Real estate shall be entered in the fiscal real estate register according to the real situation in the field.

(5) Real estate shall be entered in the fiscal real estate register according to the cadastral designation of individual real estate, or parcel of land surface.

(6) The Minister of Finance (hereinafter 'the Minister') shall issue a rulebook prescribing entry in the fiscal real estate register and prescribing the application form for entry in the fiscal real estate register, and the conditions, manner and procedure of entry of real estate in the fiscal real estate register.

#### Article 8

(1) The real estate tax shall be paid at the rate of 0.20%.

(2) Notwithstanding paragraph 1 of this Article, the tax rate for real estate used directly for carrying out production activities shall be up to 0.10%.

(3) The real estate referred to in paragraph 2 of this Article shall include the facilities for production and facilities for storage of raw materials, semi-finished and finished products, if they make a complete production unit.

(4) By 31 January of the current year, the assemblies of cities and municipalities shall issue decisions on the amount of real estate tax rate referred to in paragraphs 1 and 2 of this Article on their territories.

#### Article 9

(1) The following real estate shall be exempted from payment of taxes on real estate:

- 1) public goods, with the exception of the facilities on them used for generating economic gain,
- 2) real estate owned by Bosnia and Herzegovina, Republic of Srpska, Federation of BiH, Brčko District and local self-government units used by their institutions,
- 3) real estate owned by the institutions founded by Bosnia and Herzegovina, Republic of Srpska, Federation of BiH, Brčko District and units of local self-government,
- 4) real estate of diplomatic and consular missions of foreign states, under the principle of reciprocity,
- 5) real estate of religious communities used in the performance of religious rites,
- 6) cultural and historical monuments, declared as such by the competent authority,
- 7) real estate used for humanitarian purposes,
- 8) shelters for protection of people and goods from war,
- 9) buildings or parts of buildings used for performance of public works according to the law,
- 10) real estate located in mine fields and to which the access and normal use are not allowed,
- 11) real estate under construction or built by a taxpayer, and entered in the business books of the taxpayer as assets solely intended for further sale, in accordance with the regulations governing accounting and auditing and
- 12) cultivated agricultural land and real estate used for own agricultural production.

(2) The real estate referred to in paragraph 1 of this Article shall not be exempted from real estate tax if used for generating economic gain, other than real estate referred to in paragraph 1, points 11 and 12 of this Article.

(3) In case of occurrence of material damage to the real estate as a result of natural disaster or natural catastrophe on the territory of a municipality or city, as well as in case of performance of deficient production and craft activities, taxpayers may be exempt from paying the tax liability for that period, subject to a special decision to be issued by the assembly of the municipality or city.

(4) The right to exemption from paying real estate taxes shall be acquired by submitting a request for exemption from paying taxes along with submitting an application for entry in the fiscal real estate register.

(5) If a real estate has multiple purposes, a tax exemption may be used in proportion to the surface used for the purposes eligible for exemption.

#### Article 10

(1) The taxpayer referred to in Article 5 of this Law shall be entitled to a reduction of the tax base determined in accordance with this Law, for a value of up to 50 m<sup>2</sup> for the taxpayer and 10 m<sup>2</sup> for each member of his household from the estimated value of real estate that is their residence.

(2) If more than one taxpayer is resident in a housing unit, then only one taxpayer may use the reduction for the value of 50 m<sup>2</sup>, and for other taxpayers and members of his household the base shall be reduced by the value of 10 m<sup>2</sup> each.

(3) The reduction referred to in paragraph 1 of this Article shall apply only to a single real estate in which the taxpayer or members of his household have a permanent residence.

(4) Only one person can be the holder of right to the tax base reduction referred to in paragraph 1 of this Article in one real estate.

(5) The Minister shall issue a rulebook prescribing the tax bill and the method of payment of real estate tax, the procedure and conditions of exercising the right to a reduction of the tax base referred to in paragraph 1 of this Article, as well as the content, conditions and procedures for issuing tax bills and method of payment of real estate tax.

#### Article 11

In accordance with this Law, the Tax Administration shall:

- 1) register all taxable and non-taxable real estate in the Republic of Srpska,
- 2) establish, keep and maintain the fiscal register of real estate (in written or electronic form),
- 3) estimate the market value of real estate,
- 4) determine the tax liability,
- 5) prepare and issue tax bills,
- 6) keep the records of tax payments and tax bills and
- 7) fulfil other obligations under this and the law governing the tax procedure.

#### Article 12

(1) The Tax Administration shall establish and keep the fiscal real estate register that contains information on the following: real estate tax, real estate tax number, its address, address of the

owner and the user, characteristics and value of real estate and other information that may be of interest for the real estate.

(2) The Tax Administration shall determine the appropriate format and media for the preservation and protection of the fiscal register of real estate.

(3) Data from the fiscal real estate register shall be available to the public, except for the data which represent a tax secret.

(4) The Tax Administration shall deliver a copy of the list of real estate to each municipality or city for each tax year, within five working days from the date of making the list for that municipality or city.

(5) The list referred to in paragraph 4 of this Article shall contain the address of the real estate, the tax number and the estimated value of the real estate.

(6) At the request of the municipality or city, the Tax Administration shall provide information about the real estate registered on the territory of the municipality or city, submitted tax bills and collected taxes.

(7) The Republic Administration for Geodetic and Property Affairs shall provide to the Tax Administration and the municipalities and cities an unimpeded access to information on real estate held at that body.

(8) Cities and municipalities shall notify the Tax Administration of real estate located in their territory and unreported by the taxpayer.

#### Article 13

(1) The owner or user of real estate may request from the Tax Administration to assess the new value of real estate when the real estate sustains damage that affects the market value of that real estate.

(2) The owner or user of real estate shall report to the Tax Administration any changes affecting the increase in value of real estate which arise during the tax year, at the latest by the end of the tax year.

(3) The entry of data changes in the fiscal register of real estate after 1 January of the year for which the property tax is being determined, shall not affect the determination of real estate tax for that year, except in cases stipulated by provisions of this Law.

#### Article 14

(1) The Tax Administration shall issue the tax bills for real estate tax by 31 March of the year for which the tax is being determined.

(2) To a taxpayer who acquires real estate during a tax year, for which a tax bill has not been issued for given tax year, the Tax Administration shall issue the tax bill for the current fiscal year within 30 days from the date of acquisition of real estate.

(3) Tax bill shall include the following information:

- 1) unique identification number of the real estate,
- 2) name and identification number of the taxpayer,
- 3) address of the real estate,
- 4) address for delivery of tax bills, if different from the address of the real estate,
- 5) estimated value of the real estate,
- 6) tax rate,

- 7) total tax debt,
  - 8) due date of payment of tax liability,
  - 9) procedure for payment under the tax bill and
  - 10) instruction on legal remedy.
- (4) Tax bill may be in written or electronic form.

#### Article 15

(1) The real estate tax shall be paid in two parts – the first part at the latest by 30 June and the second part at the latest by 30 September in the tax year, where payment of the first part may not be less than 50% of the total amount of tax liability according to the tax bill.

(2) Where the decision under Article 9, paragraph 3 of this Law is adopted during the year for the current year, the Tax Administration shall not determine the obligation of the taxpayers exempt from the payment of taxes in accordance with that decision, and if the obligation has been determined, the Tax Administration shall write it off.

(3) The taxpayer who transfers ownership of real estate to another taxpayer during a tax year shall pay all outstanding tax liabilities for that real estate up to the date of transfer of ownership of real estate.

(4) A notary shall verify compliance with the requirements referred to in paragraph 3 of this Article when making a notary document that represents legal basis for registration of transfer of rights to real estate, inform the taxpayer and make a note in the notary document about it.

(5) A notary shall verify compliance with the requirements under paragraph 4 of this Article by inspecting the certificate issued by the Tax Administration about the balance of tax obligations, which the taxpayer is required to submit to the notary in the process of drawing up of notary document.

#### Article 16

(1) A taxpayer has the right to object to the tax bill within 15 days from the day of delivery of the tax bill to the taxpayer.

(2) The Tax Administration shall decide about the objection referred to in paragraph 1 of this Article in accordance with the provisions of the law governing the tax procedure and general administrative procedure.

(3) The taxpayer has the right to appeal against the decision on objection, in accordance with the provisions of the law regulating tax procedure.

#### Article 17

- (1) The tax bill shall acquire the status of enforceable document by:
- 1) expiration of the deadline for filing objection, if no objection has been filed,
  - 2) expiration of the deadline for filing appeal against the decision rejecting the objection, if no appeal has been filed,
  - 3) delivery of conclusion dismissing the appeal to the taxpayer and
  - 4) delivery of decision rejecting the appeal filed against the objection to the taxpayer.

(2) Upon occurrence of the enforceability of the tax bill referred to in paragraph 1 of this Article, the Tax Administration may collect the determined unpaid obligation from the tax bill by force, in accordance with the provisions of the law regulating tax procedure.

#### Article 18

Control, determination and collection of taxes on real estate shall be carried out in the manner and procedure prescribed by the law regulating tax procedure.

#### Article 19

(1) Failure to register real estate in the fiscal register of real estate in the manner and within the time limits prescribed by the provisions of this Law is a violation of the registration process in accordance with the Law governing the tax procedure.

(2) The taxpayer shall provide unimpeded access to and entry in the real estate to the authorised officials of the Tax Administration, for the purpose of determining the tax base of real estate tax.

#### Article 20

Incomes from taxes on real estate shall belong to the municipalities and cities in the territory of which the real estate is located.

#### Article 21

(1) A fine ranging from BAM 5,000 to BAM 15,000 shall be imposed for a minor offence on a taxpayer - legal person who transfers ownership of real estate to another taxpayer during a tax year and fails to settle all outstanding tax liabilities for that real estate up to the date of transfer of ownership of the real estate.

(2) A fine ranging from BAM 1,500 to BAM 4,500 for the minor offence referred to in paragraph 1 of this Article shall be imposed on the responsible person in the legal entity.

(3) A fine ranging from BAM 1,000 to BAM 3,000 shall be imposed for a minor offence on a taxpayer - natural person who transfers ownership of real estate to another taxpayer during a tax year and fails to settle all outstanding tax liabilities for that real estate up to the date of transfer of ownership of the real estate.

#### Article 22

A fine ranging from BAM 3,000 to BAM 9,000 shall be imposed for a minor offence on a notary who fails to verify compliance with the requirements referred to in Article 15, paragraph 3 of this Law when making a notary document that represents legal basis for registration of transfer of rights to real estate, and fails to make a note about it in the notary document.

#### Article 23

The Law governing the tax procedure shall apply to the violations of the provisions of this Law which are characterised as minor offences, including responsibilities and sanctions for offences, except the offences referred to in Articles 21 and 22 of this Law.

#### Article 24

Within 90 days from the date of entry into force of this Law, the Minister shall issue:

- 1) Rulebook on entry in the fiscal register of real estate (Article 7, paragraph 6) and
- 2) Rulebook on the tax bill and the method of payment of real estate tax (Article 10, paragraph 5).

#### Article 25

Pending issuing of the rulebooks referred to in Article 24 of this Law, the provisions of the rulebooks adopted on the basis of the Law on Property Tax (Official Gazette of the Republic of Srpska 110/08, 118/09 and 64/14), which are not contrary to this Law, shall apply.

#### Article 26

If municipalities and cities fail to deliver the decision referred to in Article 4, paragraph 3 of this Law by 31 March 2016, the Tax Administration shall not issue a tax bill for real estate tax for the year 2016 for the real estate located in the territory of that municipality or town.

#### Article 27

Upon entry into force of this Law, the Law on Property Tax (Official Gazette of the Republic of Srpska 110/08, 118/09 and 64/14) shall cease to have effect.

#### Article 28

This Law shall be published in the Official Gazette of the Republic of Srpska and enter into force on 1 January 2016.

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22 October 2015  
Banja Luka

President of the  
National Assembly  
**Nedeljko Čubrilović, m.p.**