I – GENERAL PROVISIONS

Article 1

This Law shall regulate the system of compulsory contributions (hereinafter: contributions) for financing pension and disability insurance, health insurance, unemployment insurance and child protection in the Republic of Srpska (hereinafter: the Republic).

Article 2

Funds to finance the needs referred to in Article 1 of this Law shall be provided for through the following contributions:

a) contribution for pension and disability insurance,
b) contribution for health insurance,
c) contribution for unemployment insurance,
d) contribution for child protection.

Article 3

Funds raised through contributions shall constitute the revenue of:

a) The Fund for Pension and Disability Insurance of the Republic of Srpska (hereinafter: the Pension and Disability Insurance Fund),
b) The Fund for Health Insurance of the Republic of Srpska (hereinafter: the Health Insurance Fund),
c) The Employment Bureau of the Republic of Srpska (hereinafter: the Employment Bureau),

II – CONTRIBUTION PAYER, BASIS AND RATES

Article 4

(1) Contribution payer shall be a natural person – resident of the Republic:

a) who is employed with a legal or natural person – resident of the Republic or a legal or natural person seated in the other entity, district, or country, body of the Republic, body of a local self-governance unit, public institution, or another organization in the Republic, an individual employed with joint institutions of Bosnia and Herzegovina and Brcko District of Bosnia and Herzegovina (hereinafter: the Brcko District), with place of residence in the Republic, as well as an individual employed in Brcko District with place of residence in Brcko District if s/he is registered with the Unified System for Registration, Control, and Collection of Contributions,
b) who is elected or appointed for public or another duty and for performing that duty he/she is paid a salary or other compensation treated as a salary,
c) who is in the territory of the Republic employed with a legal or natural person – non-resident of the Republic, international organization and institution, or foreign diplomatic or consular office unless stipulated otherwise by an international contract,
d) who is sent to work or attend expert training abroad by a legal or natural person – the Republic resident if s/he is not compulsory insured in line with the state regulations where he/she is sent or unless stipulated otherwise by an international contract,

1 Published in the “Official Gazette of Republic of Srpska” no. 116/12 on 13 December 2012.
e) who is employed abroad by an international employer, if s/he is not compulsory insured by an international holder of the social insurance,
f) an owner or co-owner of a shop or other type of entrepreneurial activity, a person who independently, in the form of n occupation, is performing a professional activity, a member of a company or another organization receiving compensation for his/her engagement, a member of steering or supervisory body receiving compensation for such engagement,
g) who realizes income from copyright, and who is not compulsory insured on other basis,
h) top athletes and professional athletes, if not insured under different basis;
i) pension beneficiary and the beneficiary of the right to monetary compensation in relation to professional retraining and supplementary training and employment, who has realized this right in line with regulations on pension and disability insurance,
j) unemployed person entitled to monetary compensation in line with regulations governing employment and rights during unemployment,
k) unemployed person for as long as s/he is regularly registered with the Employment Bureau, if not insured under different basis,
l) part-time student for as long as s/he is regularly registered with the Employment Bureau,
m) refugee, displaced person, and returnee, if not insured under different basis,
n) person entitled to health insurance in line with the Law governing the rights of war veterans, war invalids and families of killed soldiers of the defensive-patriotic war of Republic of Srpska, and civilian war victims,
o) beneficiary of the rights arising from the Law governing social welfare rights, if not insured under different basis,
p) priests,
q) person engaged in agricultural activity who is insured in line with the law governing pension and disability insurance, and who is registered with the Register of farms as the responsible party with commercial farm,
r) an alien attending school at the territory of the Republic, unless otherwise stipulated under an international agreement,
s) citizen of the Republic who is in full or in part entitled to pension or disability allowance from a foreign payer, for as long as s/he is residing at the territory of the Republic, unless otherwise stipulated under an international agreement,
t) persons registering him/herself for compulsory health insurance,
u) person taking part in a rescue mission or an action of defense against natural disaster at the territory of the Republic (fire, flood, earthquake, and other disasters caused by an Act of God), or an action undertaken to save the lives of citizens or eliminate material damage to property,
v) person who, at the request of a body of the Republic provides assistance to the respective body, as well as person performing public functions or civic duties upon request of the bodies of the Republic and bodies within local self-governance units,
w) pupil and student during practical education, i.e. during professional practical training with an employer,
x) person performing compulsory work during imprisonment, stay at the juvenile correction facility, and during execution of pedagogical measure in disciplinary juvenile center, pedagogical institution, pedagogical-correction facility, or another capacitating institution,
y) unemployed person during professional retraining or supplementary training requested by the employment institution,
z) persons performing part-time or temporary work in line with labor regulations,
aa) person under the age of 26 who is, in line with the law, working through youth work arrangements, i.e. regardless of age if not attending regular school,
bb) persons volunteering with an employer, in line with labor regulations,
cc) person engaged as part-time and temporary worker through youth work arrangement, up to 26 years of age if attending regular school,
 dd) person engaged in public works organized by the Republic or local self-governance unit, for the duration of such work,
 ee) person producing income on the grounds of temporary service (piecework) contract,
ff) person with disabilities, during professional training, after completion of elementary school

gg) unemployed person entitled to pension and disability insurance rights in line with regulations governing employment and unemployment insurance,

hh) person engaged in agricultural activity and registered with the Register of farms as the responsible party with noncommercial farm,

ii) person who is voluntarily insured in line with regulations governing pension and disability insurance.

(2) Contribution-payers referred to in Paragraph (1), lines k), l), m), n), o), r), s), t), and hh) of this Article shall have the compulsory health insurance.

(3) Contribution-payers referred to in Paragraph (1) lines u), v), x), cc), and ff) of this Article shall have the compulsory pension and disability insurance in case of disability caused by an injury at work and professional disease, for the duration of such specific circumstances.

(4) Contribution-payers referred to in Paragraph 1, lines w), y), and bb) shall have the compulsory health and pension-disability insurance in case of disability caused by an injury at work and professional disease, for the duration of such specific circumstances.

(5) Contribution-payers referred to in Paragraph 1, lines j) and q) of this Article shall have the compulsory pension-disability insurance and health insurance.

(6) Contribution-payers referred to in Paragraph 1, lines ee), gg), and ii) of this Article shall have the pension-disability insurance.

Article 5

(1) The Republic resident, in terms of this Law, shall be a natural person who, in regards to regulations governing social insurance is compulsory insured, compulsory insured under specific circumstances, and is voluntary insured.

(2) Natural person shall also have the status of resident in the sense of Paragraph (1) of this Article when employed as the Head of a diplomatic or consular office or as a diplomatic or consular officer employed with domestic diplomatic or consular mission abroad, if s/he is not paying contributions on incomes in the country where s/he is employed.

(3) Natural person shall also have the status of resident in the sense of Paragraph (1) of this Article when s/he has been sent abroad to conduct work for the Republic, for a natural or legal person – the Republic resident, or an international organization.

Article 6

(1) The basis of the contribution shall be:

a) personal wages in line with the Personal Income Tax Law, subject to personal income tax,

b) personal wages in line with the Personal Income Tax Law, subject to tax on personal income, of owner or co-owner of a shop or another form of entrepreneurial activity, wages of a person who independently performs a professional activity as an occupation, compensation of a member of a company or another organization, compensation of a member of a steering or supervisory body,

c) gross income of the payer based on which s/he is entitled to compulsory pension and disability and health insurance,

d) 30% of average gross salary in the Republic for the previous year, in line with data of the Statistics Bureau of the Republic published in the "Official Gazette of Republic of Srpska", for persons engaged in agricultural activity, who are registered with the Register of farms as the responsible party with commercial farms, and for persons engaged in agricultural activity, who are registered with the Register of farms as the responsible party with noncommercial farms,
e) 20% of average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, for unemployed person for as long as s/he is regularly registered with the Employment Bureau, unless s/he is receiving material compensation,

f) 50% of average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, for an alien attending school at the territory of the Republic, unless otherwise stipulated under an international agreement,

g) 25% of average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, for refugee, displaced person and returnee, unless insured under different basis,

h) 20% of average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, for person entitled to health insurance in line with the law governing the rights of war veterans, war invalids and families of killed soldiers of the defensive-patriotic war of Republic of Srpska or another law,

i) 40% of average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, for a person who is the beneficiary of the rights arising from the law governing social welfare, unless insured under different basis,

j) pension, for citizens of the Republic who are in full or in part entitled to pension or disability allowance from a foreign payer, for as long as they are residing at the territory of the Republic,

k) 50% of average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, for individuals who get personally registered for compulsory health insurance,

l) average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, for a person who is sent to work abroad by his/her employer, if s/he is not compulsory insured in line with national regulations of the country to which s/he is sent to work, or unless stipulated otherwise by an international contract,

m) 50% of average gross salary in the Republic for the previous month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”, proportionate to time spent under circumstances which led to insurance for payers referred to in Article 4, Paragraph (1), lines u), v), w), x), y), z), aa), ff), and gg) of this Law.

(2) Notwithstanding the provisions of Paragraph (1), Item a) of this Article, the basis for contributions for employees in production of textile, garments, leather and leather products, in line with business activity classification in the Republic, shall be 25% of average monthly gross salary in the Republic, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”.

(3) The basis for contributions for voluntarily insured persons, in line with regulations governing pension and disability insurance, shall be at least 60% of the average gross salary in the Republic for the preceding month, in line with the latest data of the Statistics Bureau of the Republic published in the “Official Gazette of Republic of Srpska”.

Article 7

(1) The contributions shall not be paid for income exempt from tax in line with Article 7 of the Personal Income Tax Law, with the exception of income referred to in Article 7, Paragraph 2, Item m) of the Personal Income Tax Law for which contributions shall be paid in line with this Law.
(2) Natural persons exempt from tax in line with Article 8 of the Personal Income Tax Law shall not pay the contributions.

**Article 8**

(1) Contribution rates applied to basis referred to in Article 6 of this Law shall be:

a) for pension and disability insurance 18.5%,
b) for health insurance 12%,
c) for unemployment insurance 1%,
d) for child’s protection 1.5%.

(2) Notwithstanding the Paragraph 1. Item a) of this Article, the rate of contribution for pension and disability insurance, for the contribution payers referred to in Article 4, Paragraph (1), lines u), v), w), x), y), z), aa), ff), and gg) of this Law, shall be 4.5%.

**Article 9**

For pensions paid out, the health insurance contribution shall be paid at the rate of 1%.

**III- CALCULATION AND PAYMENT OF CONTRIBUTIONS**

**Article 10**

Calculation and payment of contributions for the contribution-payers, at the moment of pay out, shall be made by:

a) a payer, resident of the Republic, during each payment, applying the basis determined by this Law,
b) a contribution-payer him/herself or the employer, for a contribution-payer who is employed by a non-resident of the Republic, i.e. by an employer seated in the territory of the other entity, the district, or state,
c) Pension and Disability Insurance Fund, for pension beneficiary and the beneficiary of the right to monetary compensation in relation to professional retraining and supplementary training and employment, who got entitled to this right in line with regulations on pension and disability insurance,
d) Employment Bureau, for an individual entitled to monetary compensation in line with regulations governing employment issues,
e) Ministry of Labor and Protection of War Veterans and Disabled Persons, for unemployed person for as long as s/he is regularly registered with the Employment Bureau, in case s/he is not receiving material compensation,
f) Ministry of Labor and Protection of War Veterans and Disabled Persons, for part-time student for as long as s/he is regularly registered with the Employment Bureau,
g) Ministry for Refugees and Displaced Persons, for refugee, displaced person and returnee, unless insured under different basis,
h) Ministry of Labor and Protection of War Veterans and Disabled Persons, for person entitled to health insurance in line with the law governing the rights of war veterans, war invalids and families of killed soldiers of the defensive-patriotic war of Republic of Srpska,
i) Social Welfare Center, for beneficiary of the rights arising from the law governing social welfare, unless insured under different basis,
j) religious community in the Republic, for a priest,
k) person engaged in agricultural activity and registered with the Register of farms as the responsible party with the farm, him/herself, as well as person engaged in agricultural activity who is not registered with the Register of farms,
l) top athlete, him/herself, if s/he is not insured under other basis,
m) an alien attending school at the territory of Republic of Srpska, him/herself, unless otherwise stipulated under an international agreement,
n) citizen of the Republic, him/herself, who is in full or in part entitled to pension or disability allowance from a foreign payer, for as long as s/he is residing at the territory of the Republic, unless otherwise stipulated under an international agreement,
o) persons registering for compulsory health insurance, him/herself,
p) an organization facilitating a rescue mission or defense action against natural disasters, for a person taking part in a rescue mission or an action of defense against natural disaster at the territory of the Republic (fire, flood, earthquake, and other disasters caused by force majeure), or an action undertaken to save the lives of citizens or eliminate material damage to property,
q) administrative body of the Republic, i.e. local self-governance body, requesting a service rendered by the insured person who, at the request or upon invitation of the respective body, provides assistance to the respective bodies, performs a public function or civic duty, if on such occasion s/he gets injured or sick,
r) educational institution organizing practical education, for pupils and students during practical education, i.e. during professional training with an employer,
s) penitentiary, i.e. pedagogical facility, for person placed in such institution and performing compulsory work during imprisonment and stay at the juvenile correction facility, and execution of pedagogical measure during stay at the pedagogical and specialized pedagogical institution,
t) employment institution which referred the insured person to professional retraining or supplementary training, for such unemployed person during his/her professional retraining or supplementary training,
u) employer engaging a person for part time and temporary work,
v) employer for the insured person who is working as volunteer, in line with labor regulations,
w) youth association for contribution payers referred to in Article 4, Paragraph (1), lines aa) and cc) of this Law,
x) Republic or local self-governance unit, when organizing public works, for the insured person, during his/her participation in public works,
y) employer engaging a person on the grounds of temporary service (piecework) contract,
z) organization, i.e. employer where child with disabilities is undergoing professional training, during such training, following completion of elementary school,
aa) Employment Bureau for contribution payer referred to in Article 4, Paragraph (1), line gg) of this Law,
bb) contribution payer, him/herself, as referred to in Article 4, Paragraph (1), line ii) of this Law.

**Article 11**

(1) The payers shall be obliged to submit to the Tax Administration of Republic of Srpska the calculation of contributions, no later than by the end of the month for the previous month.

(2) Payers referred to in Article 10, lines a) to d) and lines j), u), v), x), and y) of this Law, shall be obliged to pay the contributions to the prescribed payment accounts, no later than two months following the expiry of the month for which the contributions have been calculated, and payers referred to in Article 10, lines e) to i) , lines k) to t), line w), and lines z) to bb) of this Law shall be obliged to pay the contributions no later than by the 20th of the month for the previous month.

(3) Contributions shall be paid accordingly to the seat of the payer if located in the Republic, i.e. accordingly to the location of the branch office of the payer, which is seated in the Federation of BiH, i.e. Brcko District.
(4) The payer seated outside of the Republic without registered branch office in the Republic, shall pay the contributions accordingly to the place of registration of the contribution payer with the Unified System for Registration, Control, and Collection of Contributions.

(5) For beneficiaries of the pension and disability insurance of Brcko District, the contributions shall be paid in Brcko District.

(6) Natural person referred to as payers under this Law, shall pay the contributions accordingly to the place of residence.

IV- SUPERVISION AND PENAL PROVISIONS

Article 12

(1) The Ministry of Finance shall supervise the application of this Law.

(2) The Tax Administration of Republic of Srpska shall supervise calculation and payment of contributions, in line with the provisions of this Law and the regulation governing tax procedure.

Article 13

Violations of the provisions of this Law having the character of an offence, as well as the responsibilities and sanctions for the offences, shall be subject to regulations governing tax procedure.

V- INTERIM AND FINAL PROVISIONS

Article 14

The Minister of Finance shall prescribe the conditions, the manner of notification, calculation, and payment of contributions within six months following the day of this Law entering into force.

Article 15

Until regulations referred to in Article 14 of this Law are issued, bylaws in effect on the day of enforcement of this Law shall apply, if not contradictory to this Law.

Article 16

The Law on Contributions ("Official Gazette of the Republic of Srpska", no. 51/01, 96/03, 128/06, 120/08, and 1/11) shall cease with the day of this Law entering into force.

Article 17

This Law shall be published in the "Official Gazette of the Republic of Srpska", and shall enter into force on 1 January 2013.