



UDRUŽENJE
POSLODAVACA

Association of Employers' of FBiH

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THE CURRENT SITUATION IN BIH

- The rates of economic growth are far below those that are needed for sustainable development of the state
- The cost of labor burden in FBiH is among the largest in Europe
- The economic and business environment does not allow the competitiveness of the domestic economy
- Low living standard
- Departure of working-age population
- Gray economy accounts for a quarter of GDP
- Insufficient utilization of comparative advantage

THE NECESSARY REFORMS

- Relaxation of political and national relations in the state
- Improving and speed-up the decision-making system
- Reform of Public Sector
- Reform of the fiscal system
- Reform of legal environment and business environment

THE ROLE OF ASSOCIATION IN REFORM

- We want to take charge in the process of improving the current situation in BiH
- We want a partnership with the Government of FBiH, the Parliament of FBiH and the Trade Union, as well as other social stakeholders
- The measures which we propose will bring the economic growth and an increase in living standards
- Work on improving the business environment exceeds political and any other particular interests because all the social entities will benefit from it
- We are ready to give up from any of our proposals if we are argued that they are in the interest of only employers, not the entire community!

We prepared:

- Seven laws which regulate the public income
- Five laws in the field of economy
- Six laws in the field of labor and employment
- Two laws in the field of health
- Five laws that should be considered in a shortened procedure
- Two initiatives addressed to the Parliament of FBiH and four Initiatives addressed to the Government of FBiH related to the direct inclusion of social partners at all phases of drafting legislation

- During the drafting of the texts of the Law, we conducted consultations with the Trade Union, the Chamber of Commerce, Foreign Investors Council, Delegation/AHK Bosnien-Herzegowina and the Foreign Investments Promotion in Bosnia and Herzegovina
- We organized the public debates in the entire FBiH, where participated more than 1000 business entities
- The creation of the texts of the law was include eminent professors from the faculties of Sarajevo, Mostar, Tuzla and Zenica

CONCLUSION OF THE LAW WILL BE RESOLVED:

- Unburdening the economy
- Decrease the gray economy and improving the fiscal discipline
- Decrease the Unemployment
- Increasing the salary
- increasing the investment
- Raising up the competitive ability of the domestic economy
- Simplifying and speeding up administrative procedures
- Decreasing the business expenses
- Harmonization of regulations and harmonization with EU Directives

Initiatives 20+5+6

- Five laws, given that these are not complex and extensive, are proposed to be considered by the shortened procedure in accordance with Article 172 of the Rules of Procedure of the House of Representatives of the Parliament FBiH and Article 164 of the Rules of Procedure of the House of Peoples of the Parliament of FBiH
- By adopting these laws, it would significantly improve the business environment, reduce operating costs and harmonize regulations with RS regulations and with good practices of the countries of the region and EU countries
- We expect some of the authorized proponents of the laws prepared by the Association of Employers' of FBiH to take as their own and propose that this laws be considered by a shortened procedure

SET OF THE FIVE LAWS WHICH WOULD BE CONSIDER BY SHORT PROCEDURE

- 1. Law on Amendments to Health Insurance**
- 2. Law on Amendments to the Law on Fiscal Systems**
- 3. Law on amending the law on Road transport**
- 4. Law on Amendments to the Law on Professional Rehabilitation, Training and employment of people with disabilities**
- 5. Law on Amendments to the Privatization**

1. Law on Amendments to Health Insurance

AIM:

- ✓ Unburdening the economy

THE AIM WILL BE POSSIBLE:

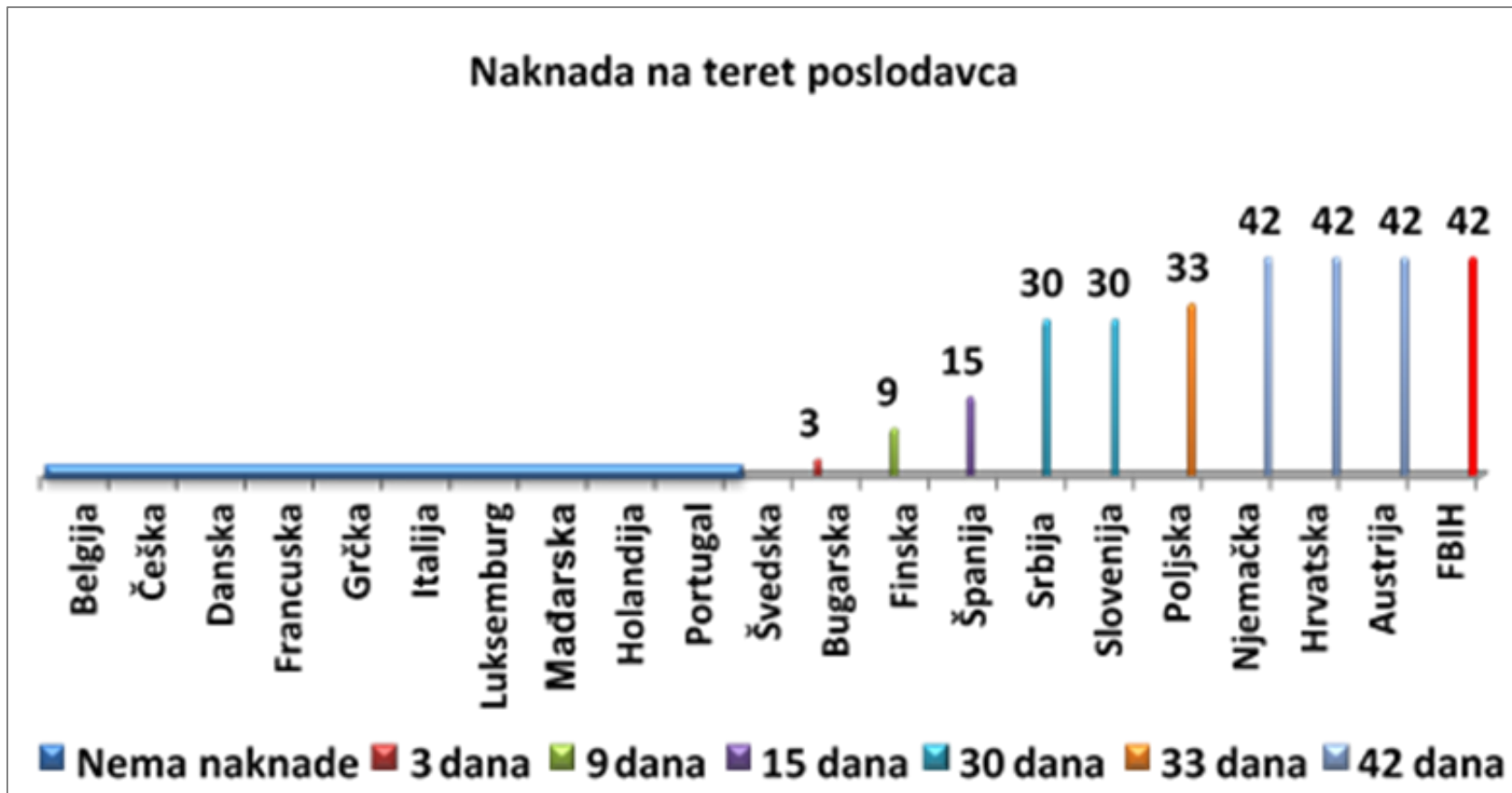
Decrease of salary compensation paid by the employer during temporary interruption for work from 42 days to 15 days

Shortening of the period in which there is a duty to pay salary compensation during the injuries, occupational disease at the expense of the employer for the first 15 days of sick leave

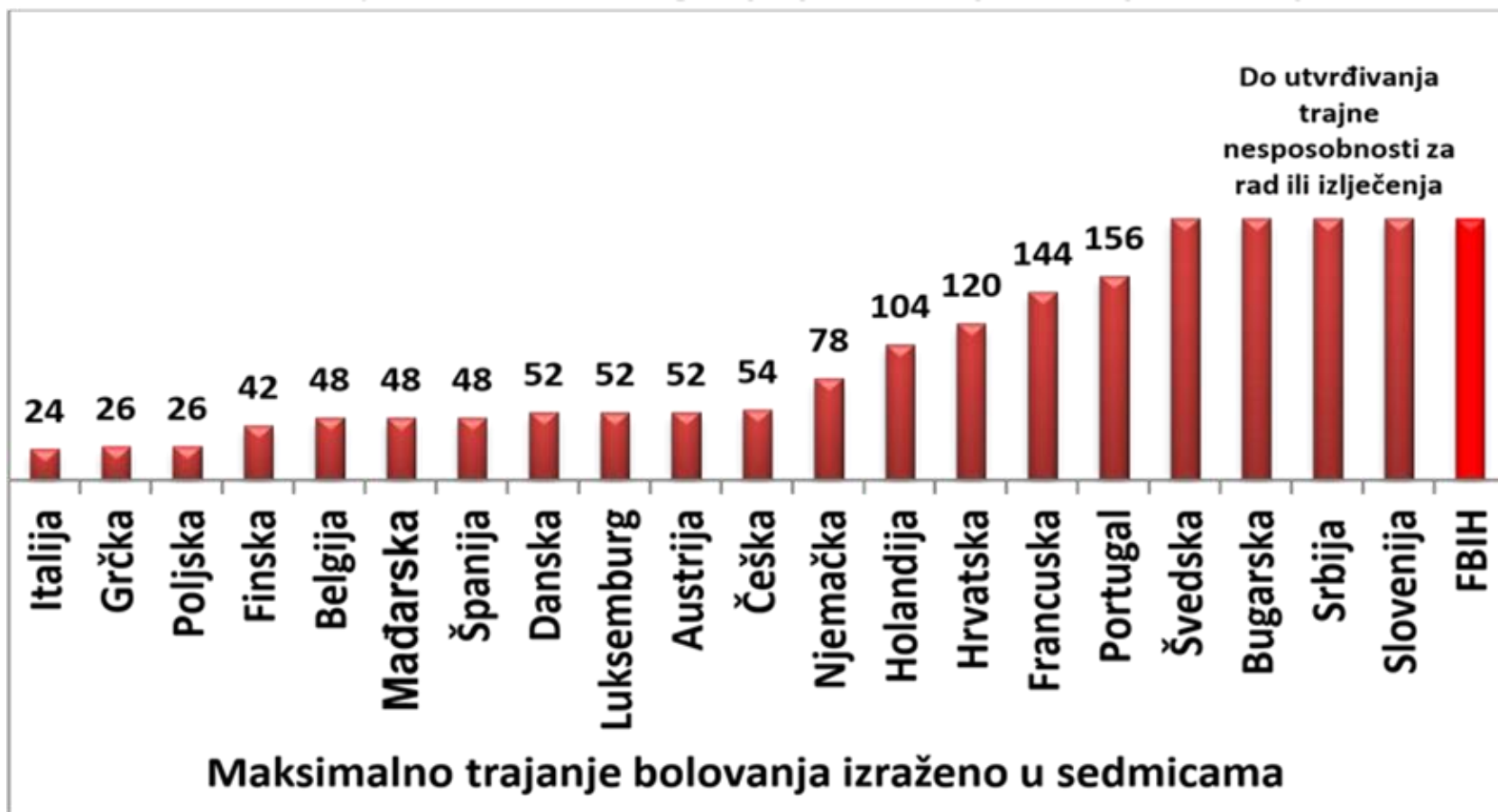
The abolition of the obligation to bear costs by a legal person in case of work injury and occupational diseases

Elimination of reinsurance obligations of legal entities and natural persons because there is no possibility of buying reinsurance services in FBiH (Article 81 of the Law)

Graph for temporary interruption for work i countries of Europe



Graph for maximum duration of sick leave in countries in the Europe



2. Law on Amendments to the Law on Fiscal Systems

AIMS:

- ✓ Decreases of grey economy
- ✓ Harmonization of legislation in Bosnia and Herzegovina, because the obligation to hold electronic fiscal devices in wholesale does not exist in Republic of Srpska and Brcko district of BiH. Also, there is no state in which there is fiscalization in wholesale
- ✓ Unburdening the economy

THE AIM WILL BE ACHIEVE:

Cancel the fiscalization in whole sale

3. Law on amending the law on Road transport

AIMS:

- ✓ Harmonization of legislation in Bosnia and Herzegovina
- ✓ Enabling the better business ambient in which the business entities they can have normal work and functioning
- ✓ New employment and decreasing of unemployment, through the pre-qualification of new 1000 drivers, who are currently needed in FBiH

THE AIM WILL BE ACHIEVE:

The abolition of the obligation for a person transport with motor vehicle must have at least III degree of vocational training for a motor vehicle driver

4. Law on Amendments to the Law on Professional Rehabilitation,

AIMS: Training and Employment of Persons with Disabilities

- ✓ Disagreement between the quota and the need for employment of persons with disabled
- ✓ Quota must be in line with the level of economic development of the state
- ✓ Make the quotient similar to the other countries because in Federation of BiH quota is most highest
- ✓ Expansion of the Quotation System Option by bringing the alternative options to meet the quota requirement for employment of persons with disabilities
- ✓ Increase employment of persons with disabilities
- ✓ Harmonization with international documents in this field

THE AIMS WILL BE ACHIEVED :

Determining a new quota obligation

Bringing the Alternative Opportunities to implement Quotient Obligations for Employment of Persons with Disabilities

Exempt of this obligation for new business entities over a period of 24 months

Including of representatives of employers and trade unions in the structure of the Steering committee of the Fund

5. Law on Amendments of the Privatization

AIMS:

- ✓ Accelerate and facilitate the privatization process
- ✓ Higher legal safety
- ✓ Protecting a future customer in the process of small privatization

THE AIMS WILL BE ACHIEVD:

Precise and clear definition wick kind of the data contained in the public sale program in the procedure of small privatization

Prescribing that the certificate issued by the Agency of Privatization has the power of enforcement document

Deletion of Loan Creditor Claims

20 TEXT OF LAWS

Laws are sort in four groups:

- 1. PUBLIC INCOME**
- 2. ECONOMY**
- 3. LABOR AND EMPLOYMENT**
- 4. HEALTH**

1. PUBLIC INCOME

- Law on Income Tax
- Law on Amendments to the Law on Profit Tax
- Law on Contributions
- Law on Federal Administrative Fees and Charges of Federal Administrative Taxes
- Law on Amendments to the Law on Judicial Taxes in the proceedings of Supreme Court FBiH
- Law on Amendments to the Law on Oil Derivatives
- Law on Amendments to the Law on Fiscal Systems

AIMS:

- ✓ **Unburdening the economy**
- ✓ **Greater public revenue collection**
- ✓ **Improving fiscal discipline**
- ✓ **Simplify the calculation and payment of contributions**
- ✓ **Decreasing of gray economy**
- ✓ **Stimulating exports**
- ✓ **Increase investment**
- ✓ **Raising the competitiveness of the domestic economy**
- ✓ **Reversal and decrease of parafiscal charges**
- ✓ **Harmonization of regulations at BiH level**

CONCRETE MEASURES

- **Law on Income Tax:** raising non-taxable income, income tax rate / bringing the alternative progressive taxation with broken scale, increase of income not included in the income tax base, on the basis of tuition, scholarships, costs of practice and student education, and reimbursement of expenses volunteering
- **Law on Contribution:** Reduction of the contribution rate, extension of the base for the calculation of contributions, from the Law to exclude the term gross and net and contributions calculated by wages
- **Law on Amendments to the Law on Profit Tax:** introduction of tax incentives based on reinvestment, employment of persons with disabilities and new employment, introduction of dividend tax

Graph

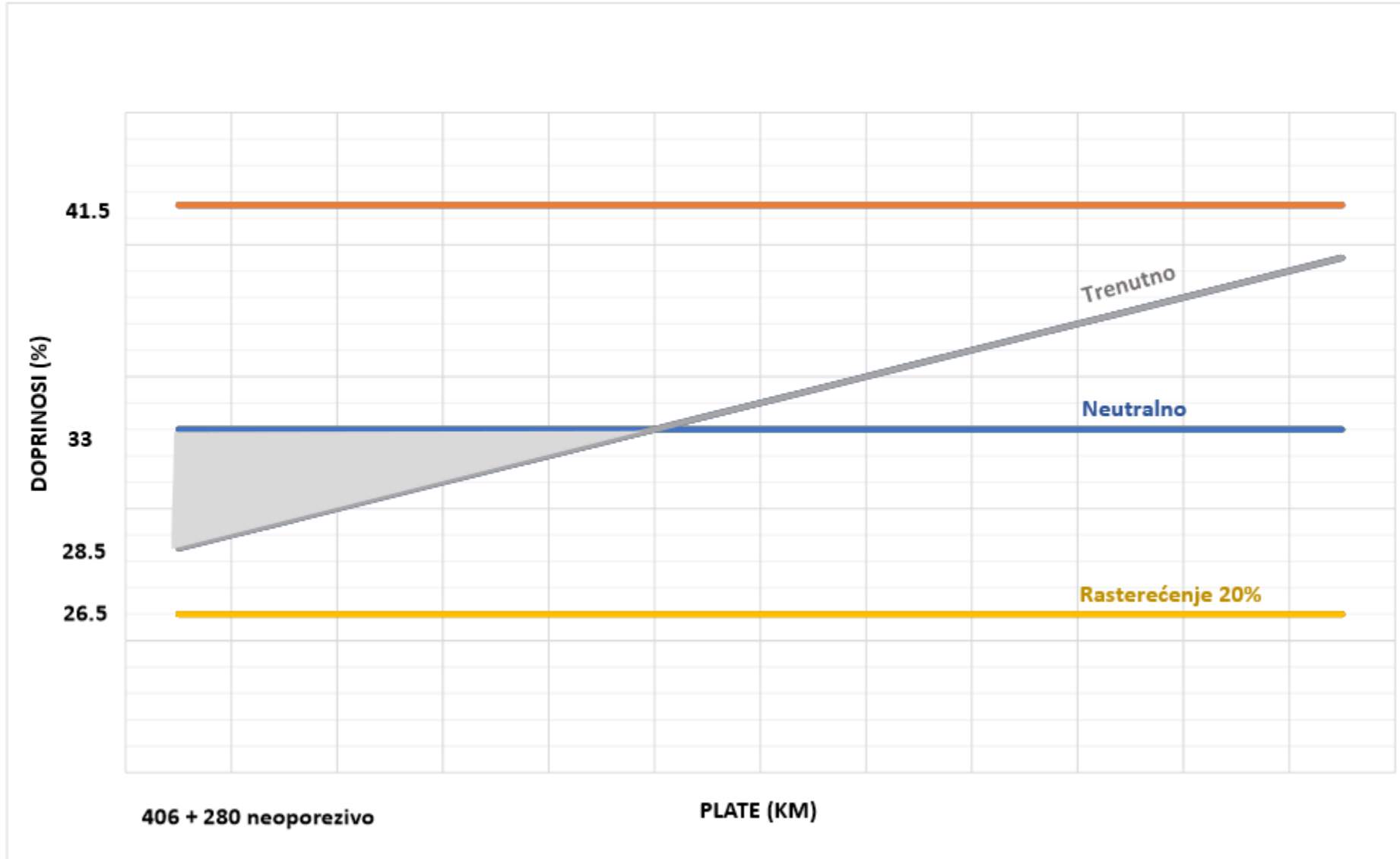


Table – Paid public income during the 2016/2017/2018

NAME OF INCOME	2016	2017.	2018	DIFFERENCES IN BAM OF PAID PUBLIC INCOME (4-2)	INDEX 4/2
1	2	3	4	5	6
	In thousands (000) KM				
CONTRIBUTION-TOTAL	2.993.484	3.192.867	3.446.432	452.947	115,13 %
INCOME TAX	367.203	403.358	456.550	89.347	124,33%
PROFIT TAX	246.541	357.931	396.623	150.082	160,87%
RELATED INCOME IN FBIH FROM INDIRECT TAXES FROM UNITARY ACCOUNT	4.248.320	4.508.160	4.864.000	615.680	114,49%
TOTAL	7.855.548	8.462.317	9.163.606	1.308.058	

Paid public income in 2019

- Taxpayers of the Federation of Bosnia and Herzegovina in the period January - March 2019 paid 1.348.527.839 KM of public revenues, which is 93.036.596 KM or 7.41 percent more than in the same period last year.
- In the period January - March 2019, contributions for pension and disability insurance, health insurance and unemployment allowances totaling 868,094,534 KM were collected, which represents an increase of 61.087.864 KM or for the same period in 2018 or 7.57 percent.
- Income tax was charged in the amount of 121.279.423 KM, an increase of 13.25 percent or 14.190.964 KM, compared to the same period of 2018.

CONCRETE MEASURES

- **Law on Federal Administrative Taxes and Tariffs of Federal Administrative Taxes:** Prescribing the jurisdiction and the manner of adopting regulations on administrative fees, setting of criteria based on which tax tariffs will be brought in, abolition and decrease administrative fees
- **Law on Changes and Amendments to the Law on Judicial Taxes in the FBiH Supreme Court Procedure:** Decrease Judicial Taxes by Issuing a New Judicial Tax Tariff
- **The Law on Amendments to the Law on Petroleum Products:** Abolition of Taxes for the Establishment of Petroleum Products Reserves
- **Law on Amendments to the Law on Fiscal Systems:** Abolition of fiscalization in the wholesale, abolition of fiscal devices and registration of the fiscal invoice in real time

Example of Judicial Taxes in FBiH and in the region countries

NAME OF COURT TAKS	Federation of BIH	Republic of Srpska	CROATIA	SERBIA	MONTENEGRO	SUGGESTION
Appeal Against Supreme Court Cantonal Court Verdict Appeal	200 KM	/	Salaries are paid according to the value of the dispute and amount from 26 KM (100 kuna) to 160 KM (625 kuna). If the value of the dispute is invaluable, it is 130 KM (500 kuna).	6,3 KM (390 dinara)	/	100 KM
For a request for extraordinary review of court decisions	200 KM	200 KM	/	16 KM (980 dinara)	29,3 KM (15 eura)	100 KM
For a lawsuit to repeat the proceedings	100 KM	100 KM	50 KM (200 kuna)	6,3 KM (390 dinara)	29,3 KM (15 eura)	50 KM

2. ECONOMY

- Law on Financial Business
- Law on Amendments to Business Entities
- Law on Registration of Business Entities
- Law on bankruptcy
- Law on Accounting and Auditing

AIMS:

- ✓ **Simplifying of procedures of registration business entities**
- ✓ **Saving the working place in business entities who are in bankruptcy threats**
- ✓ **Decreases of bankruptcy risk**
- ✓ **Faster and more efficient implementation of bankruptcy proceedings**
- ✓ **Harmonization of regulations with the ILO Conventions and EU Directives**
- ✓ **Improving Accounting and Auditing**
- ✓ **Electronic bonding of the competent authorities**
- ✓ **Unburdening the economy**

CONCRETE MEASURES

- **Law on Financial Business:** Abolish Chapter II of the Law that does not apply to financial transactions, stipulation of payment deadline of more than 60 but not 360 days, equalization of payment deadlines, deleting of glossaries...
- **Law on Amendments to Business Entities;** Strengthening of Corporate Responsibility of Members of the Company, Extension of Lists of Persons with Special Obligations to the Company, Prescribing the Financial Responsibility of the Principal for Obligations of the Subsidiary, Prescribing the Senior Responsibility of the Director and the Chair of the Supervisory Board, Prevention of Lowering Fundamental Capital Under Legislative the minimum, the obligation of the legal successors to unlimitedly coordinate the existing obligations
- **Law on Registration of Business Entities:** Transfer of Registration Procedure from Courts to the Financial Intelligence Agency, introduction of electronic registration of business entities, electronic bonding of all competent authorities, provision of less fees for entities electronically registered

CONCRETE MEASURES

- **Law on bankruptcy:** introduction of pre-trial procedure, possibility of financial and operational restructuring of debtors, shortening the period of bankruptcy proceedings, simplification of the reorganization process, determination of sanctions for the insolvency administrator and other participants in the procedure, introduction of obligations for authorized persons to initiate bankruptcy proceedings
- **Law on Accounting and Auditing:** abolishment of obligations for compiling and presenting periodic (half-yearly) financial statements, more effective and efficient way of controlling the quality of auditor's work, abolishing the obligation to list products and goods in case of any change in price, abolishing the audit obligation in the companies where the owner and the manager is the same person, determination of audit obligation for enterprises according to income and average value of business assets, adjustment of accounting rules to the economic strength and size of legal entities, abolition of the monopoly of large audit companies and abolition of licensing obligations for auditors

3. LABOR AND EMPLOYMENT

- Law on strike action
- **Law on peaceful settlement of disputes**
- **Law on occupation and health safety**
- **Law on employment and social security of unemployed persons**
- **Law on Amendments to the Law on Profesional Rehabilitation, Education and Employment of Persons with Disabilities**
- Law on ESV

AIMS:

- ✓ Improving the work of public employment services and preparing unemployed people for the labor market, which will reduce unemployment
- ✓ Motivating unemployed persons to participate actively in finding a job
- ✓ Improvement of occupational safety and preventive action in the occurrence of injuries at work and professional illnesses
- ✓ Enabling quick and efficient resolution of individual and collective labor disputes
- ✓ Disbursing the courts
- ✓ Greater legal security and better implementation of laws in practice
- ✓ Harmonization of regulations with the ILO Conventions and EU Directives

CONCRETE MEASURES

- **Law on strike action:** defining an illegal strike action, detail and precise defining of the method of passing a decision on strike action and announcing the strike action, regulating the issue of protecting the employer in case of organizing a strike action contrary to the provisions of the law, increasing deadlines for announcing a strike action, defining the obligation to peacefully resolve disputes before starting the strike action, guarantee minimum work process, prescribing the obligations of participants in the strike action
- **Law on peaceful settlement of disputes:** enabling the quick and efficient resolution of individual and collective labor disputes
- **Law on occupation and health safety:** prescribing preventive measures, prescribing the employer's obligations in the field of occupational safety, determining the obligations of workers in terms of safety and health protection at work, prescribing obligations of the employer in relation to safety and health protection categories of workers particularly vulnerable to risks, prescribing the obligation for workers to be provided with specific health care services

CONCRETE MEASURES

- **Law on employment and social security of unemployed persons:** redefinition of the term unemployed person, prescribing active employment measures, as well as the obligation to establish an individual employment plan, abolishment of the obligation to pay contributions for health insurance to unemployed persons by the public employment services after the termination of the right to financial compensation in the case of unemployment, a clear and precise definition of the rights and obligations of the unemployed, the imposition of sanctions in case of non-fulfillment of the prescribed obligations
- **Law on Amendments to the Law on Profesional Rehabilitation, Education and Employment of Persons with Disabilities:** Establishment of a new quota obligation, adoption of alternative possibilities for fulfilling the quota obligation for employment of persons with disabilities, releasing from this obligation for newly established employers for a period of 24 months, include representative employers and trade unions within the Board of Directors of the Fund
- **Law on ESV:** prescribing the structure of ESV, principles of action, scope of work, internal organization, decision making and manner of holding sessions

4. HEALTH

- Law on Amendments to the Law on Health Insurance
- Law on Amendments to the Law on Health Care

AIMS:

- ✓ Unburdening of employers
- ✓ Strengthening mechanisms to prevent abuse of sick leave
- ✓ Creation of a legal precondition for amending the Law on Employment
- ✓ Harmonization of regulations with the ILO Conventions
- ✓ Improve supervision over the implementation of laws and other regulations and the professional work of healthcare institutions and health workers

CONCRETE MEASURES

- **Law on Amendments to the Law on Health Insurance:** to define that the Agency for employment is obliged to calculate and pay contributions for compulsory health insurance for persons with unemployed records, only during the receipt of unemployment compensation, to intensify supervision and control during the temporary prevention for the work of the insured, that is, during the use of the right to salary compensation and increase fines, include in the Governing Board of the Federal Insurance and Reinsurance Bureau two members proposed by a representative association of employers
- **Law on Amendments to the Law on Health Care:** Abolition of the obligation to bear costs: medical examinations, implementation of measures for preventing and early detection of occupational diseases, preventive examinations of employees, sanitary examinations, introducing the employees with occupational health and safety measures and their education in relation to specific conditions, provision of sanitary, technical and hygienic conditions, include representative association of employers in health board

INITIATIVES of UPFBiH related to the direct involvement of social partners in the drafting of legislation

- Initiative for amending the parliamentary rules of procedure of the House of Representatives of the Parliament of FBiH
- Initiative for amending the parliamentary rules of procedure of the House of Peoples of the Parliament of FBiH
- Initiative for amendments the Rules of procedure of the Government of the FBiH
- Initiative for amending the Rules and procedures for drafting laws and other regulations of the FBiH
- Remarks in the form of an amendment to the Draft of regulatory impact assessment
- Request for the establishment of a co-ordination body for parafiscal levies in FBiH

INITIATIVE FOR AMENDING THE PARLIAMENTARY RULES OF PROCEDURE OF THE HOUSE OF REPRESENTATIVES OF PARLAMENT OF FBiH

By amending the parliamentary rules of procedure of the House of Representatives it will be allowed:

- presence and participation of representatives of social partners at the sessions of the House of Representatives of the Parliament of FBiH
- presence and participation of social partners in the discussion in the following working bodies: Constitutional commission, Legislative and legal commission, Commission for European integration, Commission for economy and financial policy, the Committee for energy, mining and industry, the Committee for transport and communications, Committee for denationalization and privatization, Committee for justice and general administration, Committee for education, science, culture and sports, the Committee for labor and social welfare, the Committee for health, the Committee for health, the Committee for agriculture, water management and forestry, Committee for physical planning, housing and communal, ecology and tourism

INITIATIVE FOR AMENDING THE PARLIAMENTARY RULES OF PROCEDURE OF THE HOUSE OF PEOPLES OF PARLIAMENT OF FBiH

By amending the parliamentary rules of procedure of the House of People it will be allowed:

- presence and participation of representatives of social partners at the sessions of the House of Peoples of the Parliament of the FBiH
- presence and participation of social partners in the discussion in the following working bodies: Commission for constitutional affairs, Legislative-legal commission, Board for economic and development policy, finance and budget, Board for economy, Board for agriculture, water management and forestry, Committee for denationalization and privatization, The Committee on justice, general administration and local self-government, the Committee on education, science, culture, sports and youth affairs, the Committee on veterans' and disability affairs, labor, health and social welfare

CONCLUSION - PROPOSAL

- **Five laws prepared by UPFBiH, will be addressed to Parliament of FBiH by authorized proposer, to be considered in a shortened procedure**
- **The House of Representatives of Parliament of FBiH will entrust the Government of FBiH, together with Association of Employers of FBiH to prepare draft texts of 20 laws and operational plan for referring the laws to the parliamentary procedure**
- **It is proposed to the Government of FBiH to include these laws in its Annual Plan and, after consulting with the UPFBiH, also includes other laws that will improve business environment**
- **The Secretariat of the House of Representatives of the Parliament of FBiH is obliged to draft a proposal for amendments to parliamentary rules of procedure for this House in accordance with the proposal of the UP FBiH**
- **It is recommended that the House of Peoples also accept amendments to the parliamentary rules of procedure of the House of Peoples in accordance with the UPFBiH proposal**
- **It is recommended that the Government of the FBiH urgently establish a co-ordination body for parafiscal levies in accordance with the UP FBiH proposal**
- **Social partners are encouraged to continue co-operating with representatives of executive and legislative authorities in the goal of implementing the necessary reforms**