

**Chandrawat
& Partners**

Guide to do business in

BOSNIA AND HERZEGOVINA





ABOUT BOSNIA AND HERZEGOVINA

ADVANTAGES

Bosnia and Herzegovina ("BiH") is a nation in Southeast Europe with a diversified population and a rich cultural history. The nation has a wide range of commercial prospects, notably in the industries of tourism, agriculture, and manufacturing. The nation offers a variety of financial benefits to international companies in addition to its advantageous location and affordable labor expenses. BiH can attract companies wishing to grow into new markets if the correct strategy is taken. It is ideally situated for companies wishing to grow into new markets since it sits at the intersection of important transport lines connecting Europe and Asia.

Some advantages of doing business in Bosnia and Herzegovina are:

Strategic Location

BiH is a center for commerce and investment in Southeast Europe since it is situated at the intersection of important transportation corridors. Via Croatia, Serbia, and Montenegro, the nation enjoys access to the Adriatic Sea.

Competitive Costs

In comparison to other European nations, BiH has comparatively cheap business costs. Because labor, utilities, and real estate are all reasonably priced, it is a desirable location for investors.

Investment Incentives

Foreign investors can take advantage of a variety of investment incentives that BiH provides, such as tax rebates, subsidies, and advantageous legal and regulatory frameworks.

Skilled Workforce

There are many university graduates in the fields of science and engineering, and the labor force is highly educated and skilled. The workforce is highly motivated and skilled in various fields and is prompt in the use of technology and operating complex machinery.

Free Trade Agreements

Free trade agreements between BiH and the European Union, the United States, and other nations in the area facilitate economic transactions and the export of goods.

Access to Markets

Via its free trade agreements, BiH has access to more than 650 million consumers, making it a desirable location for businesses wishing to grow their operations.

Natural Resources

Natural resources in abundance in BiH, such as lumber, coal, and minerals, offer potential for businesses in the industrial and energy industries.

Individual tax

Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) are the two countries that makeup Bosnia and Herzegovina; both govern a third territory known as the Brko District (BD). In the Federation f Bosnia and Herzegovina, personal income tax ("PIT") payers are considered to be:

- Residents, making their international income taxable.
- Non-residents who conduct independent business through a permanent place of business within the Bosnia and Herzegovina Federation territory are subject to tax on the income from such a permanent place of business.
- Non-residents who engage in any commercial activity on Bosnia and Herzegovina's soil are liable for paying taxes on the profits they make from these activities.
- Non-residents are liable to taxation on income derived from movable and immovable property, royalties, patents, licenses, and capital investments where the ownership of the underlying property is located within the Federation of Bosnia and Herzegovina.

PIT payers in the area of Republika Srpska include both citizens and non-residents who earn a living there. The individual tax rate here is 10%.

Personal income tax rates

FBiH PIT rates

In the Federation of Bosnia and Herzegovina, the PIT rate is fixed at 10%.

RS PIT rates

In the Republika Srpska, the PIT rate is fixed at 10%. Small business owners pay 2% of their entire yearly revenue in taxes, while foreign-sourced income is subject to the maximum absolute tax rate.

BD PIT rates

In the Brko District, the PIT rate is fixed at 10%.

Corporate tax

The Corporate Income Tax here is 10%.

FBiH CIT rates- 10%

RS CIT rates- 10%

BD CIT rates- 10%

Unlimited Joint Liability Company

Established by a written agreement between two or more natural persons—domestic or foreign—only. All of the founders' assets, including their personal property, are subject to use. There are no minimum or maximum contribution requirements.

Limited Liability Company

Founded by an establishment contract or by an establishment act between one or more local or foreign natural or legal entities with a portioned beginning capital. A limited company member is responsible for the amount of his investment in the firm. The initial capital need is 2,000 Bosnian Mark ("BAM")

Limited Partnership

The company is established by an agreement between two or more domestic or international natural or legal entities. There must be at least 2 partners: 1 with unlimited responsibility (including private property) and 1 with liability restricted to the amount of his stake in the firm. No minimum or maximum starting capital requirements exist.

Joint-Stock Company

Legal entities are created via the establishment agreement of one or more natural or legal shareholders, both domestically and abroad, who split the original money into shares. 1. An open joint-stock company is a type of legal organization (banks, insurance companies, or businesses with at least 40 shareholders and a minimum starting capital of 4,000,000.000 BAM) whose shares may be traded openly. 2. A closed joint-stock company is a business with shares that are allocated to a small group of shareholders. The starting capital needed is 50,000 BAM.

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