

GUIDELINES ON APPLICATION  
OF THE INSTRUCTION ON CONDITIONS AND MANNER FOR VAT REFUND  
IN ACCORDANCE TO ARTICLE 29 PARAGRAPH 1 ITEM 4  
OF THE LAW ON VALUE ADDED TAX

BETWEEN  
DELEGATION OF THE EUROPEAN COMMISSION TO BOSNIA AND HERZEGOVINA  
AND  
INDIRECT TAXATION AUTHORITY OF BOSNIA AND HERZEGOVINA

In accordance with the Instruction on Conditions and Manner for VAT Refund No: 02-1526/06, signed by the Director of the Indirect Taxation Authority on 08 March 2006, the Indirect Taxation Authority of Bosnia and Herzegovina (*hereinafter ITA*) and the Delegation of the European Commission to Bosnia and Herzegovina (*hereinafter EC*) have agreed on the following Guidelines on Application of the Instruction for VAT Refund:

1. Contractor provides to the EC:
  - a) two originals or verified copies of invoice indicating VAT amount for which refund is to be claimed  
(*with net amount, VAT amount and total amount for payment*) and
  - b) an evidence on paid VAT subject for refund (*for import of goods it is copy of SAD /single administrative document/customs declaration form/ and bank statement on paid VAT; for internal transactions it is copy of the VAT application with specification of invoices subject to VAT refund*).
2. Following internal verification and payment of net amount to contractor, the EC submits to the ITA Regional Centre (RC) Sarajevo:
  - a) completed claim form CD PDV 1M (*attached*),
  - b) copy of the EC's notification of payment of invoice to contractor and
  - c) copy of contract on the basis of which refund is being claimed  
(*only needed for the first refund claim within one contract*).
3. ITA RC Sarajevo processes claim, makes inquiries and corrections as necessary. Rejected refund claims can be corrected and resubmitted. Bank transaction expenses shall be covered by the ITA.
4. The Head of Tax Unit in the RC Sarajevo issues refund decision if required conditions are met.
5. RC Sarajevo provides refund decision to the EC and submits it to the ITA's Business Services Sector in Banja Luka for execution.

6. The EC informs contractor on the ITA's refund decision.
7. Business Services Sector in Banja Luka makes refund by transferring funds directly to contractor's bank account.  
(as provided in CD PDV 1M form).
8. ITA's Taxpayers Service Unit in the RC Sarajevo and the EC shall keep special records on submitted and resolved VAT refund claims.

This document is drawn up in the English and Bosnian language in two original copies.

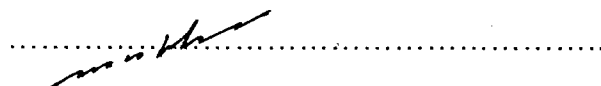
FOR THE INDIRECT TAXATION AUTHORITY OF  
BOSNIA AND HERZEGOVINA



Mr. Kemal CAUSEVIC  
Director



FOR THE DELEGATION OF THE  
EUROPEAN COMMISSION TO BOSNIA AND HERZEGOVINA



Ambassador Michael B. HUMPHREYS  
Head of Delegation

At: Sarajevo

Date: 26 -04- 2006