



# INCENTIVES AND BENEFITS

to investors

## INCENTIVES AND BENEFITS TO INVESTORS

Potential investors interested in opening businesses on the territory of City of Zenica are eligible for incentives awarded from different levels as follows:

### Municipal incentives

#### Decision on construction land

Decision on construction land of Zenica Municipality „Official Gazette of Zenica Municipality“, Number: 4/07 – revised text, 2/08, 5/08... 1/14 and „Official Gazette of City of Zenica“ – number: 2/15 and 2/16 prescribes incentives for investors in the construction of manufacturing facilities related to fee payment for utilisation of city construction land and fee for benefits (rent).

Fee for utilisation of city construction land is reduced for construction of manufacturing facilities as follows:

- > 40% for manufacturing facility up to 1.000m<sup>2</sup>
- > 60% for manufacturing facility over 1.000m<sup>2</sup>
- > 30% for assisting objects

Fee for benefits (rent) for construction of manufacturing facilities is determined by flat rate determined for fifth zone in amount of 20 BAM/m<sup>2</sup>.

Investors are enabled to pay fees in instalments, when constructing manufacturing facilities.

Investors constructing in other business facilities are also enabled to pay fees in instalments, in case when those fees exceed about of 50.000,00 BAM.

#### Decision on communal fees

Craftsmen engaged in activity regulated by Regulation on the protection of traditional and old crafts are exempt from paying communal fees, as well as craftsmen performing handicrafts in terms of Law on crafts and similar activities. Companies which employ 50% of persons with disabilities, with minimum of 10 employees, are also exempt from paying communal fees.

On the mayor's proposal City Council may decide on the exemption of tax on company for specific businesses, on the basis of professional and justified opinion of relevant department responsible for monitoring the area in which those subjects operate.

### Cantonal incentives (Zenica-Doboj Canton)

Subsidy for the part of administrative costs of investors in manufacturing activities (fee for construction land, fees for the change of designation from construction to agricultural land, utility connection fees, administrative, courts and other fees and charges to panels).

Financial support is foreseen for covering the part of administrative costs for constructing production facilities and purchase of machines and equipment. Craftsmen may obtain funds in the amount of five percent of the total investment, which may range between 10.000,00 BAM and 100.000,00 BAM.



## Entity incentives (Federation of Bosnia and Herzegovina)

- > Program of co-financing the employment (Federal Employment Service) through measures:
  1. First work experience 2017 – Strengthening competitiveness in the labour market
  2. Job voucher 2017 – Employment co-financing of less employable people
  3. Periodical/seasonal employment co-financing 2017
  4. Public works 2017
- > The taxpayer who invests, from its own funds, in the production equipment more than 50% of the total profit in the current tax period, shall be reduced of the obligation of the calculated tax for 30% of the amount in the year of investment.
- > The taxpayer who in a period of 5 consecutive years makes investments from its own funds, in the total amount of 10 million €, starting with the first year when taxpayer has to invest at least 2 million €, shall be reduced of the obligations of the calculated tax income for 50% of the amount in the year of investment.
- > The taxpayer is entitled to a tax-deductible expense in the double amount of the gross wage paid to newly employees if meets the following conditions:
  - > Duration of the employment contract must be at least for a period of 12 months with full-time working hour
  - > When new employee was not employed with the taxpayer or a related person in the previous five years.
- > Company – business unit of a resident founded, or established, or with the actual administration and control over business outside the territory of the Federation but in Bosnia and Herzegovina shall be exempt from paying the tax on income generated by business operations in the territory of the Federation.

## Incentives on the state level

State-level incentives are realised on the following grounds via the Indirect Taxation Authority of Bosnia and Herzegovina:

1. VAT exemption for import of goods into business zone
2. Equipment released for free circulation which represents an investment by a foreign person, except for passenger vehicles, entertainment and slot machines, shall be granted relief of import duty.
3. Goods released for free circulation for projects of rebuilding and reconstruction of B&H shall be relieved of import duty.
4. Equipment released for free circulation intended for production activity in the free zone shall be relieved of import duty.
5. Fixed assets and other equipment belonging to companies that have definitely terminated their activity in a foreign country and transferred it to the customs territory of B&H shall be relieved of duty.
6. Relief of duty for products that farmers from B&H obtain in the land situated in a foreign country.
7. Relief of import duty on goods imported for trade and promotional purposes.



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