

Incentives for foreign investors

- **The Law on the Policy of Foreign Direct Investments of Bosnia and Herzegovina** (Official Gazette of BiH, 17/98, 13/03) ensures national treatment of foreign investors, i.e, foreign investors have the same rights and obligations as residents of BiH.
- **Foreign investors are entitled to open accounts in any commercial bank** in domestic and/or any freely convertible currency on the territory of BiH.
- Foreign investors are **entitled to freely employ foreign nationals**, subject to the labour and immigration laws in BiH.
- Foreign investors are **protected against nationalisation, expropriation, requisition** or measures having similar effects; such measures may take place only in the public interest in accordance with the applicable laws and regulations and against the payment of an appropriate compensation, i.e. compensation that is adequate, effective and prompt.
- Investment capital is **exempt from paying import customs** and customs duties (with the exception of passenger cars, slot and gambling machines).
- The **rights and benefits** of foreign investors granted and obligations imposed by the Law on the Policy of Foreign Direct Investment (mentioned above) **cannot be terminated or overruled** by subsequent laws and regulations. Should a subsequent law or regulation be more favorable to foreign investors, the investor will have the right to choose the regime by which the investment will be regulated.
- Foreign investors may **own real estate** in BiH. Foreign investors enjoy the same property rights in respect to real estate as BiH citizens and legal entities.
- Foreign investors are entitled to **transfer abroad**, freely and without delay, in convertible currency, **proceeds resulting from their investment** in BiH.
- **Free trade zones** in BiH are part of the customs territory of BiH and have status of legal entity. According to the Law on Free Trade Zones, free trade zone founders may be one or more domestic and foreign legal entities registered in BiH. Free zone users do not pay taxes and contributions, with the exception of taxes and contributions related to salaries and wages. Investors are free to invest capital in the free zone, transfer their profit and retransfer capital. The free zone establishment is considered economically justified if the submitted feasibility study and other evidence can prove that the value of goods exported from a free zone will exceed at least 50% of the total value of manufactured goods leaving the free zone within the period of 12 months.
- The Federation Law on Corporate Income Tax enables the **reduction of the tax for a period of 5 years** equal to the percentage of foreign capital invested in the assets of the company, provided that the foreign capital is greater than 20% of total capital. This incentive includes companies with 100% foreign capital investment.
- In the Federation of BiH, companies, investing their taxable profits in their own production activities and apartment building are given a tax relief in the amount of 100% of the invested value, or in the amount of 75% if they invest in other activities of their company.

FDI insurance instruments in Bosnia and Herzegovina

Foreign investors concerned about risks of transfer restrictions, expropriation, war and civil disturbances and denial of justice, can be insured against these risks with the [European Union Investment Guarantee Trust Fund for Bosnia and Herzegovina](#), administered by the Multilateral Investment Guarantee Agency (MIGA, member of the World Bank Group).

BiH is eligible for assistance from the [US Overseas Private Investment Corporation](#) (OPIC), which also provides political risk insurance for investors.

Agreements on avoidance of double taxation

Croatia	Turkey	Belgium	Denmark	Germany
Serbia and Montenegro	United Kingdom	Poland	Slovenia	China
Pakistan	Cyprus	Czech Republic	Iran	Malaysia
Norway	Italy	Slovak Republic	Moldova	
Sweden	Hungary	Romania	United Arab Emirates	
Finland	Egypt	France	Philippines	

Bosnia and Herzegovina has signed **Agreements on avoidance of double taxation** with the following countries

Free trade agreements

Bosnia and Herzegovina has signed Free Trade Agreements with the following countries:

Country <i>(in alphabetical order)</i>	Date of Application of the Agreement	Date of Termination of the Agreement
Albania	1.12.2004	
Bulgaria	1.12.2004	31.12.2006
Croatia	1.1.2001	
FYRoM	1.07.2002	
Moldova	1.10.2004	
Romania	1.12.2002	31.12.2006
Serbia and Montenegro	1.06.2002	
Kosovo	1.12.2006	
Turkey	1.07.2003	

Preferential Export Regimes

According to the preferential export regime with the **European Union**, all goods of BiH origin that fulfill EU technical-technological standards and conditions, can be imported to all 27 EU countries until the end of 2010 without any quantitative restriction and without paying customs and other similar duties.

BiH also has preferential regimes with **USA, Australia, New Zealand, Switzerland, Norway, Russia, Japan and Canada.**

Agreements on promotion and protection of investments

Bosnia and Herzegovina has ratified/signed 36 Agreements on Promotion and Protection of Investments with the following countries:

Austria	Belgium and Luxembourg	Belarus	Croatia	Czech Republic	China
Denmark	Egypt	France	Finland	Greece	Germany
Hungary	Italy	Iran	India	Jordan	Kuwait
Macedonia	Malaysia	Moldova	Netherlands	United Kingdom	Pakistan
Portugal	Qatar	Romania	Serbia and Montenegro	Slovenia	Switzerland
Spain	Sweden	Turkey	USA (OPIC)	Ukraine	OPEC FUND