

**LAW ON
AMENDING OF THE LAW ON FREE ZONES**

“Official Gazette” of Federation of FBiH, 37/04

-unofficial translation-

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Pursuant to Article IV. B. 7. a) (IV) of the Constitution of the Federation of Bosnia and Herzegovina, I hereby promulgate

DECREE
ENACTING THE LAW AMENDING THE LAW ON FREE ZONES

The Law Amending the Law on Free Zones adopted by the Parliament of the Federation of BiH at the session of the House of Representatives of 25 May 2004 and the session of the House of Peoples of 2 June 2004 is hereby enacted.

Number 01-615/04
28 June 2004
Sarajevo

President
Niko Lozancic

LAW
AMENDING THE LAW ON FREE ZONES

Article 1

In the Law on Free Zones (Official Gazette of the Federation of BiH no. 2/95) Article 7 is hereby amended and it shall read:

“Any industrial, commercial and service activity (banking and other financial activities, services of insurance and reinsurance of property and persons, etc.) may be carried out in the free zone.”

The industrial activity shall be understood as manufacturing of products which have undergone a certain process of modification or processing in the free zone.

Carrying out the activities or construction of facilities that endanger the environment, health of people, material goods and security of the country and that are not in accordance with the Law on Waste Management, Law on Air Protection, Law on Water Protection, Law on Environmental Protection and Law on Nature Protection (Official Gazette of the Federation of BiH no. 33/03) and the enactments on plants and machinery which require an environmental impact assessment or plants and machinery which may only be constructed and put in operation if they have an environmental permit, shall not be permitted in the free zone.

Article 2

In Article 8, paragraph 1 is hereby amended and it shall read:

“Free zone founders may be one or more domestic or foreign legal or natural entities (hereinafter: free zone founders).”

Paragraph 2 is hereby deleted.

In paragraph 4, sub-paragraph 7 is hereby amended and it shall read:

“Other provisions prescribed by the laws regulating the establishment of legal entities.”

Paragraph 5 is hereby deleted.

Article 3

After Article 8, new articles 8 (a), 8 (b) and 8 (c) are hereby added and they shall read:

“Article 8 (a)

The zone management enterprise shall submit to the Government of the Federation of Bosnia and Herzegovina, through the Federation Ministry of Trade (hereinafter: the competent ministry) a request for giving consent as to the location (area) and conditions for the free zone or a zone therein, i.e. a sub-zone (hereinafter: consent)

Beside the request referred to in paragraph 1 of this Article, the zone management enterprise shall also submit:

1. the act on establishing a zone or a sub-zone;

2. city-planning consent by the Federation Ministry of Spatial Planning and Environment;
3. a feasibility study on economic justification for founding a zone or a sub -zone with an estimate of foreign and domestic investments, number of employees and expected profit from the zone operation;
4. proof that the zone management enterprise or the founder of such an enterprise is entitled to use the land on which the zone or a sub -zone is being founded , on any legal grounds

Article 8 (b)

Exempt from the provision of Article 8 (a) are the instances when facilities had already been built, in accordance with provisions of the Law on Spatial Planning (Official Gazette of the Federation of BiH no. 52/02) and the Law on Construction (Official Gazette of the Federation of BiH no. 54/02) and they are designated for an activity permitted in the free zone; if the designation of an already constructed facility is to be changed, the Federation Ministry of Spatial Planning and Environment shall issue its consent pertaining to environmental protection.

Article 8 (c)

If the enterprise obtains consent as to the location from the Government of the Federation of BiH for the construction of facilities in the free zone or a sub -zone, under the city-planning consent referred to in Article 8 (a) paragraph 2 sub -paragraph 2, it must complete the construction of the facilities in accordance with the provisions of the Law on Construction.”

Article 4

Article 9 is hereby amended and it shall read:

“Upon a reasoned proposal by the competent ministry, which shall contain in particular an opinion on economic justification, harmonization with spatial planning and an opinion on the protection of the living environment, the Government of the Federation of BiH shall give consent referred to in Article 8 (a) within 30 days following the day the request was submitted.”

Article 5

Following Article 9, a new article 9 (a) is hereby added and it shall read:

“Article 9 (a)

The free zone establishment shall be economically justified if it can be assessed , on the basis of the feasibility study and other accompanying proof submitted, that the value of goods exported from a free zone outside of the customs territory of BiH will exceed at least 50% of the total value of the manufactured goods leaving the free zone within the period of 12 months.

The value of the goods shall be established in a manner referred to in Articles 24 through 32 of the Law on Customs Policy of Bosnia and Herzegovina (Official Gazette of BiH no. 21/98 and 34/00).

The Customs Administration of the Federation of BiH shall, through the customs authority carrying out the control within the free zone, submit to the Ministry of Foreign Trade and Economic Relations of BiH a report on fulfillment of conditions referred to in paragraph 1 of this Article every six months.”

Article 6

Article 13 is hereby amended and it shall read:

“The fulfillment of conditions for the commencement of the operation of a free zone shall be determined by the Commission appointed by the Ministry of Foreign Trade and Economic Relations of BiH.

The Commission shall consist of a representative from each of the following bodies: the Ministry of Foreign Trade and Economic Relations of BiH, Customs Administration of the Federation of BiH, Federation Ministry of Spatial Planning and Environment and local authorities of the canton or municipality.

Having verified the fulfillment of all necessary conditions, with mandatory presence of a representative of the founder and based on the record drafted by the Commission, the Ministry of Foreign Trade and Economic Relations of BiH shall issue the decision confirming that all conditions for the commencement of the operation of the free zone have been fulfilled and that the free zone may commence its operation.”

Article 7

Article 20 is hereby amended and it shall read:

“The equipment imported into a free zone to be used for industrial activity in the free zone shall be exempt from payment of customs duties – including customs processing fee, unless otherwise prescribed by the provisions of the Law on Customs Policy of Bosnia and Herzegovina.

Customs, export duties and fees shall not be paid on exports from the free zone to other countries.”

Article 8

Article 30 is hereby deleted.

Article 9

In Article 32 paragraph 1 line 1, the words: “in the range from DEM 10,000 to 50,000” are hereby replaced with the words: “in the range from KM 5,000.00 to 15,000.00”.

In Article 32 paragraph 2 line 1, the words: “in the range from DEM 1,000 to 5,000” are hereby replaced with the words: “in the range from KM 1,000 to 3,000”.

Article 10

Article 33 is hereby amended and it shall read:

“The user and the founder of the free zone shall be fined pursuant to the Law on Customs Offences of the Federation of BiH (Official Gazette of the Federation of BiH” no. 4 6/00) if he:

1. removes the goods from the free zone without an approval from the competent Customs House;
2. consumes or uses the goods in the free zone;
3. engages in retail in the free zone;
4. hinders the inspection of goods entering, leaving or remaining in the free zone;
5. prevents inspection of persons or inspection of transportation means entering or leaving the free zone;
6. for all other activities contrary to the provisions of the Law on Customs Policy of BiH.”

Article 11

Articles 3 and 37 are hereby deleted.

Article 12

To all issues pertaining to the establishment, operation and cessation of the operation of free zones not regulated by this Law, provisions of the Law on Free Zones in Bosnia and Herzegovina (Official Gazette of BiH no. 3/02 and 13/03) shall apply.

Article 13

This Law shall come into force the day after being published in the Official Gazette of the Federation of BiH.

Chairman
House of Peoples
Parliament of the Federation of BiH
Slavko Matic

Chairman
House of Representatives
Parliament of the Federation of BiH
Muhamed Ibrahimovic
