

HOW TO ESTABLISH A BUSINESS IN BOSNIA AND HERZEGOVINA

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STARTING BUSINESS IN BOSNIA AND HERZEGOVINA

The legal framework for foreign investment in Bosnia and Herzegovina is structured in such manner that it makes no difference between domestic and foreign investment.

When a foreign investor establishes or participates in the establishment of a company in Bosnia and Herzegovina, she/he acquires rights and assumes the obligations under the same conditions and has the same status as domestic investors.

In this brochure you will find basic information which is important to you as a foreign investor, on the occasion of starting a business in Bosnia and Herzegovina, as well as detailed instructions about registration and the establishment of the company in Bosnia and Herzegovina.

This brochure also provides an overview of the legal forms of the business entities permitted in Bosnia and Herzegovina and regulations applying to their establishment.

ESTABLISHMENT OF BUSINESS ENTITIES

- *Registration of business entity*

Running a business activity, establishing a business entity requires registration. Registration of the business entity is a procedure within the competent authorities providing an authorization to perform certain activities in manner and under conditions prescribed by law.

The procedure of registration of the business entity in Bosnia and Herzegovina is regulated by:

- *Framework Law on Registration of Business Entities in Bosnia and Herzegovina* (Official Gazette of BiH No. 42/04),

- *Law on Registration of Business Entities in the Federation Bosnia and Herzegovina* (Official Gazette of FBiH No. 27/05, 68/05 and 43/09),

- *Law on Registration of Business Entities in the Republic of Srpska* (Official Gazette of RS No. 42/05 and 118/09),

- *Law on Registration of Business Entities in Brcko Distrikt* (Official Gazette of BD No. 15/05).

The Framework Law on Registration of Business Entities in Bosnia and Herzegovina is structured in such manner to determine fast and uniformed

procedure for registration

of business entities at the territory of Bosnia and Herzegovina, and is therefore applicable to business entities established in Bosnia and Herzegovina by both domestic and foreign legal and natural persons.

● *Establishment of business in Bosnia and Herzegovina*

The business establishment, operation, management and termination of business in Bosnia and Herzegovina is regulated by the following laws:

In the Federation of Bosnia and Herzegovina:

● *The Law on Companies of the Federation of Bosnia and Herzegovina* (Official Gazette of FBiH No. 23/99, 45/00, 2/02, 29/03, 68/05, 91/07, 84/08, 7/09 and 63/10)

In the Republic of Srpska:

● *The Law on Companies of the Republic of Srpska* (Official Gazette of RS No. 127/08 and 58/09)

In Brcko Distrikt

● *The Law on Enterprises of Brcko Distrikt* (Official Gazette of BD No. 11/01, 10/02, 14/02, 1/03, , 8/03, 4/04, 19/07 and 34/07)

According to the above mentioned Laws, a company is a legal entity, which independently performs business activities with the aim of earning profit. Company can be established by:

- *domestic natural and legal entities*
- *foreign natural and legal entities*
- *domestic and foreign natural and legal entities*

The company law of all three administrative units in Bosnia and Herzegovina distinguishes the following types of companies:

- *Unlimited Joint Liability Company (d.n.o./o.d./UnLtd)*
- *Limited Liability Company (d.o.o./Ltd)*
- *Limited Partnership (k.d./LP)*
- *Joint-Stock Company (d.d. /a.d/ JSC)*

TYPES OF COMPANIES

The following tables show types and also brief descriptions of the companies that may be established in the Federation of Bosnia and Herzegovina, in the Republic of Srpska and in the Brcko Distrikt.

Types of Companies	In the Republic of Srpska
Unlimited Joint Liability Company (d.n.o./o.d./UnLtd)	...is a company founded by the establishment act of two or more domestic/foreign natural persons and/or legal entities as general partners of the company in order to conduct business under a common business name. In addition to the establishment act d.n.o./UnLtd may have agreement between the partners ordering the company's operations and management. Company is liable for all of its obligations with all of its assets. All partners are personally, jointly and severally liable for all obligations of the company with all of their assets, unless otherwise agreed by a third party who has a claim. There are no requirements for minimum or maximum contributions.
Limited Liability Company (d.o.o./Ltd)	.. is a company established by one or more domestic/foreign natural persons and/or legal entities as the company's members in order to perform certain business activities under a common business name. Limited Liability Company is liable for all of its obligations with all of its assets. Member of Limited Liability Company is not liable for obligations of the company, except up to the amount of contracted but non-inserted investment in property of company. In addition to the establishment act d.o.o./Ltd may have agreement between the partners regulating the company's operations and management. Limited Liability Company can have a maximum of 50 members. If the number of members of Limited Liability Company increase over 50 (but not more than 100 members), and if that number is maintained in the period more than one year – that company changes its legal form into the form of Closed Joint Stock Company.

	Monetary part of the basic capital of Limited Liability Company has to be at least BAM 2,000 (approx. 1,000 EUR) on the payment date, of which at least half is paid to the temporary account until the registration of the company. The rest is paid to the company account within two years from the date of the registration.
Limited Partnership	.. is a company established by two or more natural persons and/or legal entities as partners, in order to perform certain business activities under a common business name, and in which at least one partner's liability is unlimited (a general partner), and at least one
(k.d./LP)	partner's liability is limited to the loss of his agreed contribution (a limited partner). In addition to the founding act, k.d./LP may have agreement between the partners regulating the company's operations and management. The Limited Partnership is liable for all of its obligations with all of its assets. In addition to the establishment act k.d./LP may have agreement between the partners ordering the company's operations and management. There are no requirements for minimum or maximum basic capital.
Joint-Stock Company (d.d. /a.d./ JSC)	.. is company established by one or more natural persons and/or legal entities as shareholders for the purpose of performing certain business activities under a common business name, whose basic capital is determined and divided into shares. Joint Stock Company is liable for its obligations with all of its assets. Shareholders of the joint stock company are not liable for obligations of the company, except up to amount which is agreed upon, but non-paid share into the company assets. In addition to the establishment act d.d./JSC may have the Statute ordering the company's operations and management. Joint Stock Company can be Open and Closed Joint Stock Company. Joint Stock Company is in an open form, if a form of the Joint Stock Company is not indicated in the founding act. Joint Stock Company is an Open Joint-Stock Company, if the founders make a public call for subscription and payment of

shares at the time of the company establishment, or if such call is made after establishment.

Closed Joint-Stock Company is a company whose shares are issued only for company's establishers or for limited number of other persons.

Closed Joint-Stock Company can have a maximum of 100 shareholders. Closed Joint-Stock Company will become an open one, if the number of shareholders increases and maintains in the period more than one year. Closed Joint-Stock Company cannot register shares through basic public offering or offer shares publicly. Closed Joint-Stock Company has a Director or a Board of Directors. Open Joint-Stock Company has a Board of Directors.

Minimum cash investment of basic capital in the Closed Joint-Stock Company, on the day of entering into the register, is BAM 20,000 (approx. 10,000 EUR).

Minimum cash investment of basic capital in the Open Joint-Stock Company, on the day of entering into the register, is BAM 50,000 (approx. 25,000 EUR).

Joint Stock Company can issue ordinary and preferred shares. The lowest nominal value of a share cannot be less than one convertible mark (BAM), and if it is greater then it must be divisible by ten.

Types of Companies	In the Federation of Bosnia and Herzegovina
Unlimited Joint Liability Company (d.n.o. / o.d/ UnLtd)	..is a company of at least two persons who bear unlimited mutual liability of the company. The company is founded by the Founding Contract of two or more domestic/foreign natural and/or legal entities. The contract must contain the name and address of the residence or company and address of company members, company address and activity of the company and the rights and obligations of members. Investments of the members may be in cash, kinds, rights or services. Value of investment must be estimated in the Founding Contract. Members' investments have equal value and become the property of the company. Every member has the right and obligation to manage the company. The company has no statute, no management bodies because members manage the company directly, including the representation of the company. There are no requirements for minimum or maximum contributions.
Limited Liability Company (d.o.o./Ltd)	..is company founded by the establishment act or establishment contract by one or more domestic/foreign natural and/or legal entities with basic capital divided in parts. A member in a limited company is liable for the value of his investment in that company. Minimum basic capital is BAM 2,000 (approx. 1,000 EUR) and the minimum contribution of each partner cannot be less than BAM 100 (approx. 50 EUR). Limited Liability Company has a Statute. Management of the company is made by the Assembly (if it is only one founder he has all the authority of the Assembly), by the administration (which may have more members) and the Supervisory Board, which must be appointed in cases that the company has at least ten founders, and capital of one million marks. In the Limited Liability Company that has no Supervisory Board its members are held liable.

Limited Partnership (k.d./LP)	..is a company in which one or more members has unlimited solidarity liability for the liabilities of the company including member's private assets (general partner), and risk of one or more members is limited by the value of their share in that company. Limited Partnership is founded by the contract of two or more domestic/foreign natural and/or legal entities. Limited Partnership can be transformed into Limited Partnership with share capital. General partners manage the business of the company and company is represented by each general partner.
Joint-Stock Company (d.d. /a.d./JSC)	..is founded by the establishment contract of one or more domestic/foreign natural or legal shareholders with basic capital divided into shares. A Joint Stock Company is founded by the Foundation Contract. Joint Stock Company is not liable for the obligations of shareholders, and can be established by one or more founders. The founders are the shareholders in Joint-Stock Company. The minimum basic capital is BAM 50, 000 (25,000 EUR). Nominal value of one share cannot be less than BAM 10 (approx. 5 EUR). The bodies of Joint-Stock Company are: Assembly, Supervisory Board, Administration and Revision Board. Joint Stock Company can be open and closed: Open Joint-Stock Company is a legal entity (banks and insurance companies or company with minimum basic capital of BAM 4, 000, 000 (approx. 2, 000,000 EUR) and 40 shareholders at least) whose shares are issued through public offering; Closed Joint-Stock company is a legal entity, whose shares are distributed among a limited number of shareholders. The minimum basic capital is BAM 50, 000 (approx. 25, 000 EUR).

Types of Companies	In the Brcko Distrikt
Unlimited Joint Liability Company (d.n.o./o.d./UnLtd)	...is a company founded either with or without a share capital (there are no requirements for minimum or maximum contributions) but where the liability of the members or shareholders is not limited. Company is incorporated by the founding act of two or more domestic/foreign natural persons and/or legal entities as general partners of the company in order to conduct business under a common business name. Investments of the members may be in cash, kinds, rights or services. Value of investment must be estimated in the Founding Contract. Members' investments have equal value and become the property of the company. Company is liable for all of its obligations with all of its assets. All partners are personally, jointly and severally liable for all obligations of the company with all of their assets, unless otherwise agreed by a third party who has a claim.
Limited Liability Company (d.o.o./Ltd)	...is a flexible form of enterprise that blends elements of partnership and corporate structures. Limited liability company is established by one or more domestic/foreign natural persons and/or legal entities as the company's members in order to perform certain business activities under a common business name. Limited Liability Company is liable for all of its obligations with all of its assets. Member of Limited Liability Company is not liable for obligations of the company, except up to the amount of contracted but non-inserted investment in property of company. Limited Liability Company can have a maximum of 50 members. If the number of members of Limited Liability Company increases over 50, the company has to have a special permission of the Government of the Brcko Distrikt. Minimum basic capital is BAM 2,000 (approx. 1,000 EUR).

Limited Partnership (k.d./LP)	... is a form of partnership in which at least one partner's liability is unlimited (a general partner), and at least one partner's liability is limited to the loss of his agreed contribution (a limited partner). Company is founded by establishment contract of two or more natural persons and/or legal entities as a partner, in order to perform certain business activities under a common business name. The Limited Partnership is liable for all of its obligations with all of its assets. In addition to the establishment act k.d./LP may have agreement between the partners ordering the company's operations and management. There are no requirements for minimum or maximum basic capital.
Joint-Stock Company (d.d. /a.d./JSC)	...is a company established by one or more natural persons and/or legal entities as shareholders, by the establishment act, for the purpose of performing certain business activities under a common business name, which basic capital is determined and divided into shares. In addition to the establishment act d.d./a.d./JSC has the Statute ordering the company's operations and management. Joint-Stock Company is liable for its obligations with all of its assets. Shareholders of the joint stock company are not liable for obligations of the company, except up to amount which is agreed upon, but non-paid share into the company assets. Minimum cash investment of basic capital in the JSC, on the day of entering into the register, is BAM 15, 000 (approx. 7,500 EUR). Investments of the shareholders may be in cash, kinds, rights or services. Value of investment must be estimated in the establishment contract. Joint-Stock Company can issue ordinary and preferred shares. The lowest nominal value of a share cannot be less than one convertible mark (BAM).

STEPS FOR ESTABLISHING A BUSINESS IN BOSNIA AND HERZEGOVINA



* The above steps are required for establishing of a limited liability company d.o.o. /Ltd (as the most frequent form of the business entity and the steps are unique for the whole territory of BiH).

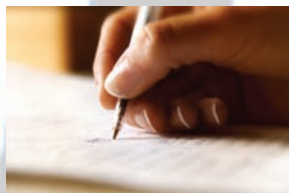
* According to the Law on the Policy of Foreign Direct Investment of BiH and its amendments (Official Gazette BiH No. 17/98, 13/03 and 48/10) the competent registration courts are obliged, ex officio, to submit to the Ministry of Foreign Trade and Economic Relations BiH information on registered companies with an element of foreign investment in electronic form. The Main Book (Register of the foreign investment) in its printed form is administered by the Ministry.



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Step 1 Establishment contract/decision (has to be made by notary)



A d.o.o./Ltd can be established either by an establishing contract or establishing decision. If the company is to be established by one person, this will be made by the establishing decision. If there are more founders, the company will be established by the establishing contract.

The act of establishment must contain the following:

- Name and address of the founders (for individuals), or the name and seat of the founders (for legal entities);
- Name, seat and activity of the new company;
- Amount of original capital;
- Founders' rights and obligations (management, distribution of profit, etc.);
- Procedure in case that one of the founders did not deposit his share in the specified period or did not fulfil any of his obligations;
- Payment of the costs of establishing (by founders or new company);
- Management and representation of the company (it is necessary to nominate the persons authorized to manage and represent the company and also to submit the application with the documentation and complete other actions required for registration of company in the court register);
- Consequences in case of an unsuccessful establishment;
- Special regulations if the company is being established for unspecified duration of time.

* These are only the obligatory elements of the establishment act. The founders can include all regulations considered as necessary and which are in compliance with the laws on companies.



Step 2 Payment of basic capital at a bank (bank by choice of founder)



Foreign investors are entitled to open accounts in any commercial bank in domestic and/or any freely convertible currency on the territory of BiH. Payments made in other currencies shall be automatically converted into KM based on the applicable exchange rate list of the bank.

During the process of establishment of the business entity, when submitting the application for entry into the court registry, depending on the type of the business entity concerned, along with the other documents required for registration, it is also necessary to attach the Certificate of Payment of the founders' equity and the bank (by founder choice) shall issue the Certificate of Payment of the founders' equity to the client for the needs of registration of the Founders' equity with the competent court.

When obtaining the payment order, investor should take special care of the following elements:

- It is important to make sure the order contains the exact name of the founder (full name and address);
- If someone else is making the payment, a declaration should



be stated that the payment is being made on behalf of the founder (name of the founder): mark as a beneficiary;

- Full name and address of the business entity being founded (full name and address): Details of Payment;
- Founding capital (amount in KM).

Issuance of the Certificate requires submitting of the following:

- Original of the founders' equity payment slip;
- Certificate of the payment of fee for issuance of the Certificate of payment of the founders' equity;
- After company registration at the competent court it is necessary to open a regular permanent/transaction account (as it will be described at the Step 5).



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Step 3 Registration of the company at the competent court



Registration shall be done at municipality courts, with territorial jurisdiction according to the seat of the company.

Data entered in the Court Register are the establishment, merging and termination of a subject of entry, the establishment and termination of a part of a subject of entry, all status changes including changes of the form of organization of a subject of entry, data about a subject of entry that are relevant for legal traffic and their changes, data about bankruptcy and liquidation procedures, data on initiated procedure for the removal of a subject of entry as well as other legally prescribed data.

For the registration it is necessary to submit the following documentation (translation of the documentation by the court interpreter is needed):

- Application for court registration (set of forms is available at the court);
- Identity card, passport or an excerpt from the relevant register proving identity of a founder;
- Identity card or passport of the person authorized for representation or presentation of a subject of entry into the registry;
- Establishment contract;
- Statement of the manager confirming the acceptance of the



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position;

- Proof of payment of basic capital;
- Decision on appointment of the person authorized for representation, unless not stated in the deed on foundation;
- Verified signatures of persons authorized for representing the company;
- Proof that foreign company is registered in its home country if the founder is a legal entity or a verified photocopy of passport if the founder is a natural person;
- Proof of payment of court fees.



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Step 4 Manufacturing the stamp



In order to manufacture the stamp, it is necessary to attach the court decision of registration of the company into the court registry. On the stamp the name and the address of the company must be found and they are manufactured by the authorized stamp retailers. Costs of manufacturing the stamp are between **BAM 20 and 50 (approx. between 10 and 25EUR)**.

Step 5 Opening a bank account



In order to open up the bank account it is necessary to attach the certified copies of the following documents:

- Court decision of registration into the court registry;
- Identification number (JIB) issued for the Office of Statistics;
- Certificate from local tax and revenue agency;
- ID documents for the persons who need to be empowered to use the bank account (certified copy of the identity card or the passport);
- Certified copy of the signature of the persons who are entitled to use the account.



Step 6 Registration of the company and employees at the tax administration



For the registration of the company with the tax administration the following documentation is necessary:

- Copy of the court decision of registration in the court registry;
- Certificate of the competent office for statistic about registration;
- Appropriate form (may be retrieved at competent tax administration according to the seat of the company)

For the registration of the employees the following documentation is necessary:

- Appropriate form for enrolment into the Unified Registration System (may be retrieved at competent tax administration according to the seat of the company)



Step 7 Obtaining the service permission



Consent for completion of the activities is issued by the Municipality Bureau of Economic. In order to obtain the certificate it is necessary to provide the following:

- Application for the permission;
- Power of attorney, unless director himself is not completing the necessary actions;
- Proof that the company has the office space and equipment (statement from the land registry office, purchase agreement, lease agreement, etc.);
- Proof of the registration of the director and the employees within the Tax Administration;
- Proof of paid administrative fees.

In the Federation of Bosnia and Herzegovina along with the above documents following must be submitted (if applicable):

- Expert opinion on noise protection
- Attest to the electric energy
- Fire protection approval

* To obtain service permission certain variations from one municipality to other may exist.



Costs of establishing a business

The costs of establishing a business are as follows:

Administrative costs: **approx. 500 EUR**

Lawyer and notary costs: **between 500-1000 EUR**

* The court procedure of establishing a business takes 5 days, according to the Law (the complete establishment procedure may take up 30 – 45 days in practice)



ESTABLISHMENT OF SPECIFIC COMPANIES



INSURANCE COMPANY ESTABLISHMENT



Establishment of an insurance company in Bosnia and Herzegovina is regulated by the following Laws:

In the Federation of Bosnia and Herzegovina:

- Law on Insurance Companies in Private Insurance (Official Gazette of

the Federation of BiH No. 24/05)

In the Republic of Srpska:

- Law on Insurance Companies (Official Gazette of the Republic of Srpska No. 17/05, 01/06, 64/06 and 74/10)

In order for the foreign insurance company to obtain the license in Bosnia and Herzegovina it must:

- be established as a joint stock company for insurance, or as a company for mutual insurance, or have any other form of insurance business stipulated in the countries who are members of the European Union;

- have the legal representative of the affiliate (person or company);
- be registered in the country who allows the insurance company from BiH to be established in the accordance with the reciprocity principle;
- have the capital in BiH which is not lower than the company capital.

Minimal capital for the insurance company may not be less than:

- BAM 2,000,000 (approx. 1,000,000 EUR) or BAM 3,000,000 (approx. 1,500,000 EUR) if the insurance company will be performing life insurance services



- **BAM 3,000,000 (approx. 1,500,000 EUR)** if the company will be performing reinsurance services;

- have the property in Republic of Srpska or Federation of Bosnia and Herzegovina, which is at least one half (1/2) of the minimal guarantee fund and deposit at least one quarter (1/4) of that fund as a guarantee in Republic of Srpska;

- take the responsibility, by a formal affidavit which is signed by its representatives, that:

- the affiliate has the solvency margin

- in the period of two months after obtaining the working permit is in place, the affiliate will establish its bookkeeping and administrative department

- it will set up and invest the funds of technical reserves for the purpose of doing business in BiH

- it will appoint authorized person for the actions in regard to the variable fund.



Together with the license request the following documents must be submitted in one of the official languages in BiH:

- certified sample of the statute and proof of registration issued by the competent agency from the country where the head office of that company is located;
- certified power of attorney for appointing the authorized representative in Republic of Srpska / Federation of BiH;
- certificate of the supervisory authority from the country where the head office of the company is, not older than three months from the date of submitting the request, stating that the insurance company is operating and has a permit to complete actions for all types of insurance which it intends to perform in Republic of Srpska/ Federation of BiH;
- list of names and addresses of the directors and executive directors;
- business plan of the affiliate;
- balance sheet for the last three financial years.

More details on the establishment of the insurance companies in BiH can be found on following websites:

- Insurance Agency of BiH
<http://www.azobih.gov.ba>
- FBiH Insurance Supervisory Agency
<http://www.nados.ba>
- RS Insurance Agency
<http://www.azors.org>



Insurance companies which do not have business seat in Bosnia and Herzegovina

A foreign insurance company which has its head office outside of Bosnia and Herzegovina may perform insurance activities in the form of affiliate after it gains the license from the Insurance Agency of Republic of Srpska or Insurance Supervisory Agency of Federation of Bosnia and Herzegovina, and **completes the registration at the Court Registry.**

Affiliate of the foreign insurance company is registered as a business and is under the supervision of Insurance Agency from Republic of Srpska or Insurance Supervisory Agency of Federation of BiH.

The affiliate may perform only life or general insurance services. License is issued by the Insurance Agency of Republic of Srpska or Insurance Supervisory Agency of Federation of BiH and it will be published in the "Official Gazette of Bosnia and Herzegovina", "Official Gazette of Republic of Srpska" and "Official Gazette of Federation of BiH", and on that basis registration at the Court Registry of the affiliate will be completed.

Decree on issuing the license is final and it is valid in the entire Bosnia and Herzegovina.

Establishment of the affiliate of the foreign insurance company in Bosnia and Herzegovina is regulated by the following laws:



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In the Federation of Bosnia and Herzegovina:

- **Law on Insurance Companies in Private Insurance** (Official Gazette of the Federation of BiH, no 24/05)

In the Republic of Srpska:

- **Law on Insurance Companies** (Official Gazette of the Republic of Srpska, no 17/05, 01/06, 64/06 and 74/10)

In Brčko District of Bosnia and Herzegovina

In Brčko District, the request for the license shall be submitted at the option of the founders to the Insurance Supervisory Agency of the Federation of BiH or the Insurance Agency of the Republic of Srpska. Supervision over the business performance is carried out by the respective agency.



THE ESTABLISHMENT OF BANKS IN BOSNIA AND HERZEGOVINA

The establishment of a bank is regulated in detail by the following laws:

In the Federation of Bosnia and Herzegovina:

- [The Law on Banks of the Federation of Bosnia and Herzegovina](#) (Official Gazette of the Federation of BiH No. 39/98, 32/00, 48/01, 27/02, 41/02, 58/02, 13/03, 19/03 and 28/03),
- [The Law on the Banking Agency of the Federation of Bosnia and Herzegovina](#) (Official Gazette of the Federation of BiH No. 9/96; 27/98; 20/00, 45/00, 58/02, 13/03, 19/03, 47/06 and 59/06),
- [The Law on Deposit Insurance in Banks of Bosnia and Herzegovina](#) (Official Gazette of the Federation of BiH No. 20/02, 18/05, 100/08, 75/09).

In the Republic of Srpska

- [The RS Law on Banks](#) (Official Gazette of Republika Srpska No. 44/03, 74/04)
- [The Law on Banking Agency of Republika Srpska](#) (Official Gazette of Republika Srpska No. 67/07),
- [The Law on Deposit Insurance in Banks of Bosnia and Herzegovina](#) (Official Gazette of Republika Srpska No. 20/02, 18/05, 100/08, 75/09).



In Brcko District of Bosnia and Herzegovina*

- **The Law on Banks of Brcko District of BiH** (Official Gazette of Brcko District No. 5/03, 19/07).

* In Brcko District the request for a banking license shall be submitted at the option of the founders to the Banking Agency of Federation of BiH or the Banking Agency of the Republic of Srpska.

The application process and requirements for the establishment of banks are determined by the appropriate entity-level banking law.

A bank is set up as a joint stock company. Bank founders may be domestic and foreign legal and natural entities, which provide funds for the equity capital of the bank. Equity capital of the bank may take pecuniary and non-pecuniary form (assets and rights that are in the function of the bank's operations). **The minimum amounts of share capital in cash of the bank and the lowest amount of net capital which the bank must keep up cannot be less than the equivalent of BAM 15,000,000 (approx. 7,500,000 EUR).**



The procedure for issuing licenses for the establishment of a bank

The request for a banking license is submitted by the founders to the Banking Agency of Federation of Bosnia and Herzegovina or Banking Agency of Republic of Srpska and shall be accompanied by the following information and documents:

- founding contract signed by all founders, draft of Charter, and other founding documents, as directed by the Banking Agency;
- the qualifications and experience of the Supervisory Board and Management of the proposed bank;
- the amounts of capital stock and other forms of bank capital;
- a business plan for the proposed bank, setting out inter alia the types of activities envisaged for and the structural organization of the proposed bank;
- list of the owners of the bank.

The Banking Agency has to render a decision on the application for the issue of a banking license not later than 60 days after receiving the duly completed application.

The Agency shall grant a banking license if, and only if, an amount of the bank's capital had been paid in and if it is confident that:

- the bank will comply with the provisions of the relevant Law and projections for the future financial conditions of the bank are documented;
- the qualifications and experience of the Supervisory Board and



Management of the bank will be appropriate for the banking activities that the bank will be licensed to engage;

- all holders of Significant Ownership Interest are of sufficient financial capability, and suitable business background.

Banking licenses are granted for an indefinite period of time and are not transferable. The banking license of each bank specifies the banking activities that such bank shall be authorized to engage in.

All banks licensed by the Banking Agency are required to meet the membership criteria for deposit insurance in order to maintain their banking license.

The banking license is a condition for registration at the Court Register.

An application for registration of a founding of the bank in court register shall be submitted within 30 days starting from the date when the Agency issues a banking license. The bank acquires the capacity of a legal entity as of the moment of being entered in the Court Register.

FREE ZONES IN BOSNIA AND HERZEGOVINA

A free zone is part of the customs territory of Bosnia and Herzegovina, which is specially fenced and marked and where business activities are carried out under special conditions in accordance with the [Law on Customs Policy of Bosnia and Herzegovina](#) (Official Gazette of BiH No. 57/04, 51/06, 93/08 and 54/10), the [Law on Free Zones of BiH](#) (Official Gazette of BiH No. 99/09) and the [Law on Free Zones of RS](#) (Official Gazette of RS No. 65/03) or the [Law on Free Zones of FBiH](#) (Official Gazette of FBiH No. 2/95 and 37/04). Founder of the free zone can be one or more national or foreign legal as well as natural persons. User of free zone can be the founder of free zone or any other legal and natural persons.

The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina shall institute the procedure for the adoption of decision of the Council of Ministers of Bosnia and Herzegovina on designation of parts of the customs area of Bosnia and Herzegovina as a free zone if it is economically justified and if the requirements for establishment of a free zone set out in the Law on Free Zones of BiH and Law on Customs Policy of Bosnia and Herzegovina have been met.

Establishment of a free zone shall be considered as economically viable, if the feasibility study for the establishment of free zone and other evidence submitted provide grounds for estimation that value of goods exported from the free zone will exceed at least 50% of the total value of manufactured goods leaving the free zone in a period of 12 months.



FIPA

FOREIGN INVESTMENT PROMOTION AGENCY
OF BOSNIA AND HERZEGOVINA

Users of free zone do business in the area of free zone under special conditions in accordance with the Law on Customs Policy of Bosnia and Herzegovina and the Law on Free Zones of BiH, as well as contracts concluded with the founder of free zone, with prior approval of the customs authorities.

The users of free zone do not pay VAT and import customs. Investment in the free zone, transfer of profit and transfer of investment are free of charge.

Customs and tariffs are not paid on imports into the free zone. The imports of equipment that will be used for manufacturing within the free zone are exempt from paying customs duties and fees.



FOREIGN INVESTMENT PROMOTION AGENCY OF BOSNIA AND HERZEGOVINA SUPPORT

Are you interested in investing in Bosnia and Herzegovina?

FIPA will be pleased to assist you, our services are confidential and free of charge!

Established in 1998, FIPA - Foreign Investment Promotion Agency of Bosnia and Herzegovina is the main governmental institution supporting foreign direct investment in Bosnia and Herzegovina. FIPA will help you seize business opportunities in Bosnia and Herzegovina by:

Providing current data and information on the business climate and investment environment:

Advice on the legal framework concerning Foreign Direct Investment (FDI) in Bosnia and Herzegovina

Macroeconomic data / indicators

Investment incentives

Presenting investment opportunities in Bosnia and Herzegovina:

Available investment projects

Companies in the process of privatization

Bosnia and Herzegovina companies seeking partners

Providing reliable assistance, including:

Effective networking with the public and private sectors

Links with governmental and non-governmental institutions.

We provide client orientated research & services helping you to make your business in Bosnia and Herzegovina a "success story"!



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SPOTLIGHT ON
INVESTMENT OPPORTUNITIES
IN BOSNIA AND HERZEGOVINA

