

D DAY

- Banks continue to move in to Brcko municipality.

D + 25

- Revenue collection accounts of all parallel institutions unified into commercial bank accounts controlled by international arbitrator;
- Government accounts move from PBs to commercial banks;
- All revenue (tax and customs) collecting accounts move to commercial banks.

D + 30

- Banks now handle all financial transactions;
- Banks handle all tax accounts.

Benefits:

- Strengthen BiH commercial banking sector;
- Incentive for foreign banks to locate in Brcko;
- Incentive for businesses to locate in Brcko;
- Increases amount of working capital available to business;
- Recycled PB employees find work in the Banking sector.

C. Tax Administration

One of the functions of the PBs is the collection and distribution of all government revenues and expenditures through the PB account system. When the PBs close, the government of the Brcko municipality must find an alternative method to collect and distribute revenues. Otherwise it will soon go bankrupt.

The present tax system relies on each enterprise calculating, reporting, and paying its own taxes through the PB, so businesses are accustomed to administering their own taxes. The abolition of the PBs will create a gap in regard only to the deposit of revenues.

Under a unified system, the Brcko municipality will keep its assets on deposit in commercial banks. Tax-payers will make their payments directly to the government agency or through a commercial bank. The government agency will hold its accounts at commercial banks, and not the PBs. Funds will then be distributed for government treasury purposes through normal commercial banking channels, as in the West.

Under the current BiH administrative framework, a tax administration exists. This agency has grossly under-utilised manpower, as it relies heavily on the PBs to do much of its work. Under a unified system, the current tax collectors will be driven from the coffee houses, and put to work doing their jobs. In