

addition, the account controllers from the PBs will be hired to supervise tax collection. Each controller has an intimate knowledge of the companies in his portfolio, including cash flows, revenues, previous tax returns and payments, etc. Hiring them to work in the tax administration will enable their knowledge and skills to serve the unified administration for tax collection.

Recommendations:

The three parallel tax administrations should be disbanded in concert with the PBs, and a new multi-ethnic Tax Administration should be formed by hiring the best of the old employees, along with former PB account controllers. The Tax Administration will open revenue collecting accounts at commercial banks. An international supervisor should initially exercise budgetary control over this organisation and supervise its three member multi-ethnic board. The 60 day time line would be:

D minus 30

- Parallel tax administrations notified of impending changes.

D DAY (implementation)

- Creation of new Tax Administration;
- Training begins for new tax collectors;
- All parallel Tax Administrations disbanded;
- New Tax Administration begins to function;
- All parallel revenue collecting accounts shut down at PBs, funds transferred to unified accounts at commercial banks.

D + 30

- Aggressive tax collection begins;
- Banks handle all revenue collection accounts.

Benefits:

- Brcko civil administration controls its own finances and revenue flows;
- Political parties no longer control government finances;
- Greater control over black market activity.

D. State Sector Companies

Under the present system the political parties appoint the directors of all state-owned firms. This makes it easy for the parties to use the assets of these firms in their own interest. For example, several directors of state-run firms in one part of Bosnia have reported that in late 1998 they were instructed to empty the