

## **Decision Extending the mandate of a first Chairman of Governing Board of the Indirect Taxation System**

**In the exercise** of the powers vested in the High Representative by Article V of Annex 10 (Agreement on Civilian Implementation of the Peace Settlement) to the General Framework Agreement for Peace in Bosnia and Herzegovina, according to which the High Representative is the final authority in theatre regarding interpretation of the said Agreement on the Civilian Implementation of the Peace Settlement; and considering in particular Article II.1. (d) of the last said Agreement, according to the terms of which the High Representative shall "Facilitate, as the High Representative judges necessary, the resolution of any difficulties arising in connection with civilian implementation";

**Recalling** paragraph XI.2 of the Conclusions of the Peace Implementation Conference held in Bonn on 9 and 10 December 1997, in which the Peace Implementation Council welcomed the High Representative's intention to use his final authority in theatre regarding interpretation of the Agreement on the Civilian Implementation of the Peace Settlement in order to facilitate the resolution of any difficulties as aforesaid "by making binding decisions, as he judges necessary" on certain issues including (under sub-paragraph (c) thereof) "measures to ensure implementation of the Peace Agreement throughout Bosnia and Herzegovina and its Entities";

**Noting** that the Peace Implementation Council in its Declaration at Brussels on 24 May 2000, within the context of emphasising the critical economic reforms required to create a single economic space and enable private sector growth, inter alia called on the authorities of Bosnia and Herzegovina to identify and establish adequate domestic funding sources for the State budget, and further urged the authorities of Bosnia and Herzegovina to proceed with broad-based reform of the taxation and customs systems;

**Considering** the communiqué issued by the Steering Board Political Directors of the Peace Implementation Council on 21 November 2002, in which Bosnia and Herzegovina was called on urgently to adopt economic reforms including: "The unification of the customs system to end duplication and fraud", and "The introduction of VAT at the State level to simplify taxation, make it more efficient and help reduce the overall tax burden";

**Considering further** the Declaration of the Steering Board of the Peace Implementation Council issued on 30 January 2003 which proclaimed, in relation to the economic reform process, that introduction of a single customs administration and Bosnia and Herzegovina-wide VAT were an essential part of this reform process";

**Mindful of** the letter from European Union External Relations Commissioner, Mr. Christopher Patten, of 21 January 2003, which declared in no uncertain terms that the European Union will insist on the establishment of a single customs administration and the introduction of VAT at the State level before considering Bosnia and Herzegovina's application in the Stabilisation and Association process;

**Noting** the joint statement by European Union Foreign Ministers, meeting in the European Union's General Affairs and External Relations Council on 27 January 2003, which urged the Bosnia and Herzegovina authorities "...to proceed rapidly with the implementation of the reforms necessary for progress in the Stabilisation and Association process, including the establishment of a single state-level customs and VAT system";

**Bearing in mind** that a vital component of VAT is that the relevant administration exist in order to commence with the implementation and introduction of VAT and that Bosnia and Herzegovina has many significant administrative obstacles to overcome and that, accordingly, urgent action by the senior management of the administration is required;

**Considering** further Article 28 of the Law on Indirect Taxation System in Bosnia and Herzegovina which provides for the appointment an additional member of the Governing Board to serve as President thereof and requires that the said individual possess the expertise in the relevant field and have demonstrated a standard of honesty and integrity in the conduct of his/her work;

**Further noting** that a considerable progress has been made over the last year with regard to indirect taxation reform under the chairmanship of Mr. Joly Dixon as a first Chairman of the Governing Board of the Indirect Taxation

System and that it is now of a vital importance that in the coming months the introduction of VAT is completed.

**Recalling** the previous decision of the High Representative, No. 177/04 of 14 January 2004 on the Chairman of the Governing Board of the Indirect Taxation System ("Official Gazette of Bosnia and Herzegovina", No. 3/04 of 19 February 2004) according to which the initial term of Mr. Dixon is expiring on 14 January 2005, and recognizing the need for an extension of the initial term of the Chairman, under the same conditions as established and defined in the Decision on his appointment;

**Further recalling** the letter of the Prime Minister of the Council of Ministers of Bosnia and Herzegovina dated 13 January 2005 asking the High Representative to facilitate the extension of the mandate of the first Chairman of the Governing Board of the Indirect Taxation System;

Having borne in mind the totality of the matters aforesaid and pursuant to Article 2 of the Decision of the High Representative, No. 177/04 of 14 January 2004, the High Representative issues the following

## **DECISION**

### **Extending the mandate of a first Chairman of Governing Board of the Indirect Taxation System**

#### **Article 1**

This Decision provides for the extension of the mandate of Mr. Joly Dixon as a first Chairman of the Governing Board of the Indirect Taxation System (hereinafter: "Chairman") provided for under Article 28, paragraph 1 of the Law on Indirect Taxation System in Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina 44/03 and 52/04) for an additional period of one year.

#### **Article 2**

Mr. Joly Dixon shall continue to operate as Chairman under the same conditions as established and defined in the Decision of the High Representative No. 177/04 on the Appointment of the first Chairman of the Governing Board of the Indirect Taxation System.

#### **Article 3**

This Decision shall enter into force forthwith and shall be published without delay in the Official Gazette of Bosnia and Herzegovina, in the Official Gazette of the Federation of Bosnia and Herzegovina and in the Official Gazette of Republika Srpska.

*Sarajevo, 14 January 2005*  
*Paddy Ashdown*  
*High Representative*