

**02.11.2004**

**House of Representatives of the BiH Parliament**

**Commission for Finances and Budget**

**Att. of: Members of the Commission**

Dear Sirs,

We are addressing you with regard to repeated discussions on possible adoption of the unique Value Added Tax (VAT) of 17% on all products, including newspapers and magazines.

The Press Council of Bosnia and Herzegovina had already expressed its view regarding this issue in form of the press release declaring severe concern for possibility of enforcement of a new Law on Value Added Tax that introduces the unique rate. According to our findings, suggestions of the Press Council, the Association of Publishers and other opponents to adoption of the unique VAT did not have a positive response since the legislative bodies still debate on unique rate.

According to the last proposals of your Commission, zero rate was not foreseen for the press, even though we believe it is the only possible option for the BH press to become economically independent and sustainable. We strongly believe that VAT levied on the printed word is tax on information, opinion, education and literacy – all of which are too important to be burden by taxation.

Freedom of expression is basis of all democratic societies and should not be disabled or impeded in any way. According to information of the European Publishers Council, most countries in the European Union have zero or reduced VAT on press, and also there is opened possibility of minimisation of the VAT for all countries that have it. If the primary interest of Bosnia and Herzegovina is to join the European Union, then it should be clear to all legislative bodies that zero rate on certain products (including the press) is not contrary to the European

practice and should not be seen as a handicap in attempts of Bosnia and Herzegovina to become part of the European Union.

The Press Council of Bosnia and Herzegovina sincerely hopes that members of the Commission for Finances and Budget of the House of Representatives of the BiH Parliament, as well as other relevant state institutions, shall recognise importance of reducing VAT on press which will enable free flow on information in BiH. If the Law on Value Added Tax with zero rate on certain products becomes adopted, than newspapers and magazines should be included in the list of those essential products.

Hoping that you will take in consideration this letter that is sort of appeal to the authorised institutions,

Yours sincerely,

The Press Council of Bosnia and Herzegovina