

## LAW ON FOREIGN INVESTMENTS

### Article 1

This Law governs the rights, obligations and status of foreign investors, forms of foreign investments, bodies competent for approving foreign investments, operation of the Foreign Investors Council of the Republic of Srpska and promotion and attraction of foreign investments in the Republic of Srpska.

### Article 2

Individual terms used in this Law have the following meanings:

1) foreign investor is a natural person who is not a permanent resident of Bosnia and Herzegovina (hereinafter: BiH) and does not have the principal place of business in BiH, or a legal person established in accordance with a foreign law and having its registered office, central administration or principal place of business in a foreign country,

2) foreign investment is a foreign investor's investment in a newly established business entity or investment in an existing business entity, which may be in cash, goods and rights,

3) resident of BiH is a natural person who has a home or principal abode in BiH and employment or independent work or the centre of economic interest in BiH, or a legal person established under the laws of BiH or the Entities or Brčko District of BiH and having its registered office, central administration or principal place of business in BiH,

4) equity is ownership interest held by an investor in a business entity,

5) freely convertible currency is any currency designated as such by the International Monetary Fund,

6) media affairs are radio broadcasting and television broadcasting activities via terrestrial radio diffusion,

7) business entity is any domestic company or institution in which a foreign investor has made foreign direct investment, including expansion of a part of or entire domestic company or institution.

### Article 3

Under this Law, forms of foreign investments are as follows:

1) establishment of a business entity fully owned by a foreign investor,

2) establishment of a business entity jointly owned by domestic and foreign investors,

3) investment in the existing business entity,

4) special forms of investment.

### Article 4

In accordance with the laws of the Republic of Srpska and BiH, foreign investors have the same rights and obligations as domestic investors, which implies that foreign investors shall not be discriminated against on any grounds including, in particular, their citizenship, place of residence, religious affiliation or state of origin of the investment.

### Article 5

## Official Gazette of the Republic of Srpska, no. 21/18

A foreign investor may establish a business entity in the Republic of Srpska under the same conditions as those applicable to domestic investors, in accordance with the provisions of the law governing companies and other positive legal regulations, unless otherwise provided by this Law.

### Article 6

(1) A foreign investor has the right to invest and reinvest the gains from such investments in any sector of economic or non-economic activities in the Republic of Srpska, in the same form and under the same conditions as those stipulated for domestic investors (residents of BiH) by laws of the Republic of Srpska and BiH.

(2) Notwithstanding paragraph 1 of this Article, foreign equity in the registered capital of a business entity engaged in manufacturing weapons, ammunition, explosives for military use, military equipment, or media affairs (hereinafter: restricted sectors) may not exceed 49% of the registered capital of that business entity.

(3) If there is particularly justified interest, the Government of the Republic of Srpska (hereinafter: the Government) may issue a decision exempting the equity of a foreign investor in the specific business entities referred to in paragraph 2 of this Article from the restriction, if that is allowed by the regulations governing those fields.

### Article 7

A business entity owned by a foreign investor has the same rights, obligations and responsibilities as a business entity fully owned by the domestic legal entities or natural persons.

### Article 8

A foreign investor may acquire the right of ownership on immovable property in accordance with the regulations on property rights.

### Article 9

(1) For the purpose of investment, a foreign investor has the right to open an account with any commercial bank on the territory of the Republic of Srpska, in the national or any other freely convertible currency.

(2) A foreign investor has the right to convert the national currency into any freely convertible currency for payments related to their investment.

(3) A foreign investor has the right to transfer the funds resulting from their investment in the Republic of Srpska, without restriction, in any freely convertible currency, in particular:

1) gains from investment generated in the form of profit, dividend, interest and other related rights,

2) funds acquired by investors after liquidation of their investments in the Republic of Srpska, or from sale of property or property rights,

3) compensation arising from expropriation or other measures having similar effects.

(4) The transactions referred to in paragraph 3 of this Article shall be carried out through commercial banks upon fulfilment of all tax and other statutory obligations with respect to public revenues in the Republic of Srpska.

### Article 10

## Official Gazette of the Republic of Srpska, no. 21/18

A foreign investor has the right to recruit foreign employees without restriction, unless otherwise provided by special regulations governing the fields of labour and foreign employment, if there are no such employees at the domestic market.

### Article 11

(1) A foreign investor is guaranteed that their investments shall not be expropriated or subjected to measures with similar effects, save for in exceptional cases, when in the public interest and in accordance with the laws and other regulations.

(2) A foreign investor is entitled to a fair, prompt and appropriate compensation they may dispose of freely, for any damage resulting from expropriation or other measures with similar effects.

(3) The right referred to in paragraph 2 of this Article does not exclude foreign investor's right to file an appeal against the decision on expropriation or measure with similar effects through regular procedure.

### Article 12

(1) A foreign investment shall be exempt from the payment of duties and customs taxes, in accordance with the provisions of the law governing the customs policy in BiH.

(2) A foreign investment may be exempt from the payment of tax liabilities, in accordance with the provisions of the law governing the taxation policy of the Republic of Srpska, by applying the principles of equal treatment of foreign and domestic investors and investment encouragement through stimulative tax policy.

(3) A foreign investor shall keep books and prepare financial statements in accordance with the internationally accepted accounting and auditing standards and principles, which are also part of the legislation of the Republic of Srpska.

### Article 13

(1) The procedure of foreign investment registration shall be carried out in accordance with the regulation governing the procedure of business entity registration in the Republic of Srpska.

(2) At least once every three months, the Agency for Intermediary, IT and Financial Services shall submit ex officio to the Ministry of Economic Relations and Regional Cooperation (hereinafter: the Ministry) data about the registered business entities with a foreign investment element.

(3) The data referred to in paragraph 2 of this Article include name of the foreign investor, country of the founder, object and amount of the agreed (subscribed) registered capital.

(4) The Government or its authorised body may publish general data about foreign investments while respecting the legitimate interests of business entities and ensuring that their trade secrets are not disclosed.

### Article 14

(1) Foreign investments in business entities within the restricted sectors shall be approved by the Government, at the proposal of competent ministries.

(2) Foreign investments in business entities manufacturing weapons, ammunition, explosives for military use and military equipment shall be the competence of the Ministry of Trade and Tourism and Ministry of Industry, Energy and Mining, and investments in business entities engaged in media affairs shall be the competence of the Ministry of Transport and Communications, i.e. investment in the field of media affairs in local self-government units shall be the competence of the assemblies of the local self-government units.

## Official Gazette of the Republic of Srpska, no. 21/18

(3) For investments in restricted sectors, foreign investors shall submit a foreign investment approval application to the competent ministry referred to in paragraph 2 of this Article.

(4) The Government shall issue a decision about the application referred to in paragraph 3 of this Article within 30 days from the date of receipt of a complete application.

(5) If there are reasons to supplement the documentation and postpone the issue of the decision, the competent ministry shall notify the applicant thereof within a further period of 30 days.

(6) The Government shall issue a decision with a rationale and deliver it to the party at the latest within 60 days from the date of receipt of a complete application.

(7) Appeal is not admissible against the decision referred to in paragraph 6 of this Article, but administrative dispute may be initiated before the competent court.

### Article 15

(1) To encourage and promote foreign investments in the Republic of Srpska, a foreign investment encouragement strategy in the Republic of Srpska (hereinafter: the Strategy) shall be adopted, as a comprehensive document which includes objectives, measures and responsibility for the activities on attracting foreign investments.

(2) In cooperation with other competent institutions at the republic and local level, the Ministry shall establish and prepare basic elements for Strategy preparation.

(3) The Strategy shall be adopted by the National Assembly of the Republic of Srpska, at the proposal of the Government.

### Article 16

The Foreign Investors Council of the Republic of Srpska (hereinafter: the Council) is an advisory body to the Government, established for the purpose of facilitating and encouraging foreign investments and improving the overall business ambiance for foreign investors of the Republic of Srpska, and for a fuller coordination and cooperation between the institutions of the republic and local level in the field of foreign investments.

### Article 17

The tasks of the Council are:

1) consider the foreign investment encouragement strategy in the Republic of Srpska and provide guidelines during its preparation,

2) analyse business environment for foreign investment and propose measures and actions to remove the present limiting factors for foreign investors,

3) initiate amendments to laws and bylaws which encourage and facilitate foreign investment,

4) exchange information and establish a fuller cooperation between the institutions of the republic and local levels and business community in order to create a more favourable business ambiance for foreign investment, overcome potential difficulties during the implementation of the existing investments and promote the Republic of Srpska with a good practice of foreign investment,

5) encourage, promote and facilitate foreign investments,

6) consider other issues relevant for encouraging and directing foreign investments.

### Article 18

(1) The Council shall be appointed by the Government at the proposal of: line ministries, Chamber of Commerce, local self-government units and foreign investors.

(2) Council members shall not receive any compensation for their work, and technical and administrative tasks for the Council shall be conducted by the Ministry.

Article 19

(1) The mayor or head of a municipality shall submit investment projects to the Ministry regularly, at least once a year, for the purpose of presentation of investment potentials of local communities.

(2) The Ministry and representative offices of the Republic of Srpska abroad shall post the projects referred to in paragraph 1 of this Article on their web pages intended for foreign investment promotion, promote them at investment events and in direct contacts with foreign investors.

Article 20

(1) Competent bodies of local self-government units shall conduct investor aftercare through regular visits to the existing business entities, collect information about their operation, development plans and potential problems, in order to keep and expand the existing investments.

(2) In cooperation with the competent body of the local self-government unit, the Ministry shall conduct investor aftercare through joint visits to collect information about the conditions for doing business and propose measures to improve business ambiance.

(3) At least once a year, the Ministry shall organise meetings with local self-government units in order to analyse results of the aftercare referred to in paragraphs 1 and 2 of this Article.

Article 21

(1) Business entity owned by a foreign investor shall submit to the mayor or head of the municipality of its registered office, information about the amounts of implemented foreign investments, by the end of March of the current year for the previous year.

(2) The information referred to in paragraph 1 of this Article include business name of the entity, address of its registered office, country of foreign investor, registration number of the entity and amount of foreign investment in goods, rights and cash presented in convertible marks.

Article 22

The mayor or head of a municipality shall submit to the Ministry the information referred to in Article 21, paragraph 2 of this Law on implemented foreign investments in the territory of their local self-government unit, at the latest by the end of April of the current year for the previous year.

Article 23

The collected information referred to in Article 21, paragraph 2 of this Law on implemented foreign investments shall only be used for statistical purposes, and other information may be used exclusively for the needs of competent bodies of the local self-government unit or the Ministry, and shall not be published.

Article 24

The Minister of Economic Relations and Regional Cooperation shall submit to the Government an annual report on foreign investments implementation in the Republic of Srpska for the previous

## Official Gazette of the Republic of Srpska, no. 21/18

year, and an annual report on results of visits conducted within aftercare, at the latest by the end of February of the current year.

### Article 25

Arisen disputes concerning foreign investments shall be resolved before the competent courts in the Republic of Srpska, unless the interested parties agree on the competence of another court or arbitration.

### Article 26

The rights and obligations, i.e. the status of a foreign investor arising from this Law may not be abolished or annulled by entry into force of subsequently passed laws or other regulations.

### Article 27

The Ministry shall perform administrative supervision over implementation of this Law.

### Article 28

Upon entry into force of this Law, the Law on Foreign Investments (Official Gazette of the Republic of Srpska 25/02, 24/04, 52/11 and 68/13) shall cease to have effect.

### Article 29

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Srpska.

No: 02/1-021-139/18  
Date: 22 February 2018

PRESIDENT OF THE  
NATIONAL ASSEMBLY

Nedeljko Čubrilović