

Sarajevo, 29 April 2015

ZERO TOLERANCE TOWARDS SHADOW ECONOMY

Conclusions of the Conference on Combating Shadow Economy: *A Necessity for Investments in SEE*

More intensive coordination of different national authorities, unselective approach of the state towards market participants, combination of incentives and stronger control and penal policies for noncompliance with the laws, and good regional cooperation on combating shadow economy with the focus on the need of **zero** tolerance towards it are the main recommendations of the Conference on **Combating Shadow Economy: *A Necessity for Investments in SEE*** held in Sarajevo.

The fact that this was an opportunity for dialogue and exchange of ideas and views of representatives of business community and governmental institutions – ministers of finance, trade and economic development as well as directors of tax and customs authorities from seven economies of the region, adds additional value to the event.

The Regional Cooperation Council (RCC) Secretariat and Foreign Investors Council of BiH (FICBiH) submit the following general views as the conclusions and recommendations of the first conference focused on combating shadow economy:

1. The tolerance towards shadow economy must be zero;
2. It is necessary to work on prevention measures rather than on repression measures; repression measures should be the last option;
3. National authorities need to be nonselective in acting towards market participants;
4. It is necessary to increase the level of transparency of the work of national authorities and their exercise of statutory powers;
5. It is necessary to intensify the coordination of the work of different national authorities;
6. Multidisciplinary approach of the state based on a combination of appropriate incentives and increased control, i.e. penal policy, is recommended as the most efficient principle in fighting shadow economy;
7. Employees in national authorities should be provided with regular training and improvement of skills in combating shadow economy;
8. It is necessary to work on informing the public and economy participants so as to raise awareness on detrimental effects of shadow economy and illegal business;
9. Implemented measures have to be evaluated and quantified;

* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence.

Council of Ministers of Bosnia and Herzegovina

10. It is of vital importance to establish continuous and active dialogue between the decision-makers from private and public sector through partnership;
11. It is necessary to carry out regular analyses in order to have available adequate statistical data on shadow economy;
12. It is necessary to involve representatives of other government authorities in fighting shadow economy.

In addition to general conclusions, Conference organisers and participants prepared a list of concrete proposals to improve the protection of businesses and economy.

In order to control the border trade, it is necessary to implement the following:

1. Efficient use of continuous measures, improvement of customs procedures and controls in order to regularly record the goods;
2. Streamlining and transparency of customs procedures;
3. Continuous measures of customs protection of intellectual property rights;
4. Establishment of a risk analysis system at border crossings and customs offices;
5. Good cooperation with other administrations on exchanging information and data relevant for targeted detection of frauds;
6. Introduction of adequate information systems and applications integrating risk analysis and implementation of computerised transit procedure, as well as for more efficient supervision;
7. Linking control bodies and development of quality base available to all control institutions in their fight against illegal/informal activities;
8. Continuous training of customs officers in combating smuggling and risk identification and analysis.

In the area of internal market control through taxation policy, the priorities are as follows:

1. Increase the level of tax collection;
2. Create improved, transparent and predictable business environment;
3. Use nonselective approach towards businesses;
4. Increase tax revenues through fiscal systems;
5. Intensify the activities on detecting unregistered tax payers and those registered but failing to meet their tax liabilities;
6. Prevent unregistered businesses.

Conference participants evaluated regional cooperation as important link in fighting shadow economy through:

1. Application of bilateral and multilateral conventions, agreements and protocols;

* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence.

Council of Ministers of Bosnia and Herzegovina

2. Regular and efficient exchange of information and experience as well as provision of mutual assistance in detecting frauds and illegal trade;
3. Implementation of joint controls where possible;
4. Regular discussions at regional level on finding modalities and practical solutions regarding new tools and instruments to fight illegal and irregular business operations;
5. Raising awareness on the importance of legal and registered doing business, paying taxes and contributions by both the citizens and businesses throughout the region.

The Conference was organised by the Regional Cooperation Council (RCC) Secretariat and Foreign Investors Council of BiH (FICBiH) under the auspices of the Council of Ministers of Bosnia and Herzegovina. The key Conference issues and topics focused on the opportunities to protect and control the markets through efficient and equitable taxation and customs policies as well as labour and labour market policies and protection of intellectual property rights.

The Regional Cooperation Council and Foreign Investors Council of BiH agendas, confirmed by the [South East Europe 2020 Strategy](#) (SEE 2020) and [White Book](#) respectively, accentuate the need for cooperation between the government institutions and business community on creating sound business environment, protecting all stakeholders in the business processes – employers and employees, and consequently protecting the state as a foundation of social and economic security.

Conference participants included ministers of finances, trade and economic development as well as directors of tax and customs authorities from seven economies of the region: Albania, Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, Serbia and The Former Yugoslav Republic of Macedonia.*

For more information please contact:

Bojana Škrobić Omerović, 033 295 880, 061 399 997, bojana@fic.ba

Dobriła Močević, 063 289 106, dobriila.mocevic@prime.ba

* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence.