BOSNIA & HERZEGOVINA

LIMITED LIABILITY COMPANY (d.o.o.)
CLIENT GUIDE 2026

Company formation, entity-level taxation
and annual compliance

Professional company formation
and ongoing corporate administration

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Bosnia & Herzegovina d.o.o. at a Glance

Bosnia and Herzegovina has a decentralised company and direct-tax system. A limited liability company (d.o.o.) may be established in the Federation of Bosnia and Herzegovina (FBiH), Republika Srpska (RS) or Brčko District, and the applicable company, registration, accounting and direct-tax rules depend on the place of incorporation. This guide therefore highlights the principal entity differences rather than treating BiH as one company-law jurisdiction.

Topic	Current legal / practical position
Shareholders	FBiH: one or more domestic or foreign natural/legal persons. RS: one to 100 domestic or foreign natural/legal persons. Limited liability is generally confined to the investment.
Foreign ownership	Foreign investors receive national treatment. Ordinary activities can generally be 100% foreign-owned; specified military/defence and media activities are subject to the statutory 49% foreign-equity restriction.
Registered office	A registered seat is required in the chosen entity / district and determines the competent registration court and direct-tax authority.
Minimum capital	FBiH d.o.o.: BAM 1,000. RS d.o.o.: BAM 1. The legal minimum therefore depends materially on the incorporation entity.
Business register	Business entities are registered in the competent court register. The state-level BIZREG portal provides electronic access to FBiH, RS and Brčko District business registers.
Corporate income tax	10% in FBiH, RS and Brčko District.
VAT	State-level VAT rate: 17%. Mandatory registration threshold: taxable turnover above BAM 100,000, subject to the VAT Law.
Exports	The Indirect Taxation Authority states that 0% VAT is provided for exports under the VAT system.

Key Benefits for International Clients

- Low 10% corporate income-tax rate throughout Bosnia and Herzegovina.
- National treatment for foreign investors and the right to transfer investment proceeds abroad in convertible currency.
- Very low minimum capital in Republika Srpska (BAM 1); FBiH minimum is BAM 1,000.
- Uniform 17% VAT at state level, with 0% VAT for qualifying exports.
- FBiH provides targeted corporate-tax investment incentives, including reductions for qualifying production-equipment and larger investment programmes.
- RS legislation provides investment incentives and a tax-base reduction for qualifying investment in equipment and facilities used for registered manufacturing activities.

Important 2026 Tax Position

Bosnia & Herzegovina is low-tax, but an ordinary d.o.o. is not a blanket 0% company

The corporate income-tax rate is 10% in FBiH, RS and Brčko District. Resident-company rules generally bring business profits into the local corporate-tax system, with foreign-tax credits / double-tax relief where applicable. FIPA states that profits transferred from abroad are not taxed again where they were previously subject to tax abroad; this should not be misread as a general foreign-source exemption.

Entity Choice, Ownership & Taxation

Topic	Current legal / practical position
Federation BiH d.o.o.	Minimum capital BAM 1,000. Corporate income tax 10%. Standard withholding tax 10%; dividends to non-residents generally 5%, subject to treaty relief.
Republika Srpska d.o.o.	One to 100 founders; minimum capital BAM 1. Corporate income tax 10%. FIPA's current investment materials state a 10% withholding rate and note that RS personal income-tax legislation abolished dividend tax; transaction-specific treatment must be verified.
Brčko District d.o.o.	Separate district company/registration and direct-tax framework. Corporate income-tax rate 10%.
Foreign investors	National treatment; free transfer abroad of qualifying investment proceeds. Sector restrictions remain relevant.
Real estate	Foreign investors have the same property rights as BiH legal entities under the foreign-investment framework, subject to applicable property law.
Registration	Court registration is entity/district-specific; BIZREG links the electronic registers across BiH.

Corporate Income Tax - 10%

FIPA's current official investment materials state a 10% corporate income-tax rate across FBiH, Republika Srpska and Brčko District. In FBiH, the Corporate Income Tax Law expressly sets the rate at 10% and provides a credit mechanism for tax paid on income generated in RS, Brčko District and outside Bosnia and Herzegovina.

No blanket 0% foreign-client regime

A BiH company should not be marketed as tax-free merely because it invoices customers abroad. The 10% corporate-tax regime remains the starting point. FIPA's statement that profits transferred from abroad are not taxed where previously taxed abroad reflects double-tax relief / prevention of duplicate taxation, not a general territorial exemption for all foreign-source business profits.

FBiH Investment Incentives

Current FIPA materials state that an FBiH taxpayer investing from its own funds in production equipment exceeding 50% of current-period profit can reduce the calculated corporate-tax liability by 30% in the investment year. A qualifying five-year investment programme can reduce calculated tax by 50% in the investment years, subject to the statutory investment conditions. Employment-related enhanced deductions may also apply.

RS Manufacturing Investment Incentive

FIPA's current materials cite the RS Corporate Income Tax Law, including 2024 amendments, and state that a taxpayer investing in equipment and facilities for a registered manufacturing activity in RS may reduce its tax base by the value of the qualifying investment.

VAT - 17% / Exports 0%

VAT is administered at state level by the Indirect Taxation Authority. The standard rate is 17%. The mandatory registration threshold is BAM 100,000 of taxable turnover. Official ITA guidance states that 0% VAT is provided for exports; other exemptions and place-of-supply rules require transaction-specific review.

Formation Process & Documents Required

1. Choose FBiH, RS or Brčko District 2. Confirm activity, ownership and sector restrictions 3. Company name and registered seat 4. Founder / manager KYC and constitutional documents 5. Capital contribution 6. Court registration 7. Tax identification and statistical registrations 8. Bank account, VAT and customs registrations where applicable 9. Employment, licensing and municipal/cantonal/entity registrations as required

The exact registration procedure and documentary package depend on the chosen entity or district and the competent registration court. Foreign corporate documents normally require evidence of legal existence and authorised representation, with apostille/legalisation and certified translation where applicable.

Government Fees & Capital

Because court fees, publication/notarial costs and administrative charges differ between FBiH, Republika Srpska, Brčko District and local jurisdictions, this guide does not state a single all-BiH incorporation fee. The officially verified statutory capital figures are BAM 1,000 for an FBiH d.o.o. and BAM 1 for an RS d.o.o. BRIS professional fees and all third-party charges are quoted separately.

Documents Required from the Client

- Passport / acceptable ID for individual founders, managers and relevant controlling persons.
- Recent proof of residential address.
- For corporate founders: registry extract, constitutional documents, authorised representatives and ownership chain.
- Proposed company name, chosen entity/district, registered seat and detailed activities.
- Ownership percentages, capital and management/signing arrangements.
- Business plan / expected countries, customers, suppliers, turnover and staffing where relevant.
- Source-of-funds and, where appropriate, source-of-wealth evidence.
- Apostilled/legalised and certified translated foreign documents where required.

Accounting, Annual Accounts & Audit

Accounting and financial-reporting obligations are governed primarily at entity/district level. A d.o.o. must maintain accounting records, prepare annual financial statements and submit required financial reports to the competent authority under the rules applicable in its place of incorporation.

Audit requirements are entity-specific

Statutory audit is not determined by one single BiH-wide company rule. It depends on the applicable FBiH, RS or Brčko accounting/audit legislation, company size, public-interest status and other statutory criteria. The audit position must therefore be checked for the chosen entity and each financial year.

Annual Compliance Checklist

- Maintain registered seat and current court-register particulars.
- Maintain founders/members, managers and ownership/control records.
- Keep statutory accounting records and supporting documentation.
- Prepare and submit annual financial statements.
- File corporate income-tax return and pay 10% tax as applicable.
- File VAT returns if registered and monitor the BAM 100,000 threshold.
- Apply payroll/social-security and withholding obligations where relevant.
- Review treaty relief and foreign-tax credits before cross-border payments.
- Reassess entity-specific investment incentives and audit requirements annually.

International Business & Tax Planning

Bosnia and Herzegovina combines a low 10% corporate income-tax rate with national treatment for foreign investors, a 17% VAT system and entity-specific investment incentives. The principal structuring decision is often whether the business should be incorporated in FBiH, Republika Srpska or Brčko District because company capital, direct-tax administration, withholding rules, incentives and compliance procedures differ.

Can a normal foreign-owned d.o.o. legitimately pay 0% corporate tax?

Not simply because it is foreign-owned or serves foreign customers. The ordinary corporate income-tax rate is 10% throughout BiH. A lower or nil effective liability can arise only from a specific statutory incentive, deduction, tax credit, loss position or other legally applicable relief. FBiH and RS both provide targeted investment incentives, but these are conditional and activity-specific.

Withholding Tax & Treaties

Withholding treatment depends on the incorporation entity and the payment type. Current FIPA materials state a standard 10% withholding rate in FBiH, with 5% on dividends to non-residents, and a 10% withholding rate in RS. Bosnia and Herzegovina's applicable double-tax treaties can reduce or eliminate domestic withholding where treaty conditions are satisfied. Every cross-border distribution, interest, royalty or service payment should therefore be reviewed before payment.

How BRIS Group Supports You

Structure & tax review - Compare FBiH, RS and Brčko d.o.o. structures, 10% corporate tax, incentives, VAT, withholding and treaty considerations.

Company formation - Coordinate founder documents, registered seat, constitutional documents, capital and competent court registration.

KYC / ownership - Coordinate founder, manager, controlling-person and source-of-funds / source-of-wealth due diligence.

Accounting & compliance - Coordinate bookkeeping, annual accounts, corporate tax, VAT, payroll, registry and audit support where required.

Banking - Prepare corporate and KYC documentation and coordinate banking support where available.

Professional Fees & Official Sources

Professional fees are quoted separately

This guide is informational and is not a fee quotation. BRIS Group professional fees and third-party costs - including registered seat, court/notarial fees, translations, accounting, tax, VAT, audit, licensing, immigration and banking support - are quoted separately according to the chosen entity and required services.

Official sources reviewed for this 2026 guide: Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA) - current company types, taxes, foreign-investor rights and 2025/2026 investment incentives; Indirect Taxation Authority of BiH - VAT Law, 17% rate, BAM 100,000 registration threshold and export treatment; Bosnia and Herzegovina BIZREG - electronic court registers; FBiH Corporate Income Tax Law and current FIPA materials citing RS corporate-tax legislation through 2024 amendments.

PREPARED BY BRIS GROUP

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Professional incorporation and corporate administration for international clients.