

**LAW
ON FOREIGN INVESTMENTS
("Official Gazette of the Federation of B&H", number 61/01 and 50/03)**

EXCERPT

Law on Foreign Investments regulates the rights, liabilities and privileges of foreign investors, forms of foreign investments, procedure of approval and registration and specific bodies relevant for approval and registration of foreign investments in the Federation of B&H.

Provisions of the Law on the Policy of Foreign Direct Investment in B&H ("Official Gazette of B&H", number 17/98 and 13/03) are applied on the issues outside this law.

Foreign investor is entitled to invest and reinvest the profit from such investments into any sector of economy, under the same conditions as for the domestic investors. There are exceptions in the investments made in the equity of the company producing and selling arms, ammunition and military equipment, explosives for military use and public information. In those cases foreign participation may not exceed 49% of the equity of the company. Subsequently introduced restrictions on the rights of the foreign founders, do not produce legal consequences.

Foreign investor is entitled to equal property rights over real estate as for the domestic legal or natural persons.

Foreign investments will not be subject to nationalization, expropriation or other measures, except in the case of the public interest.

Foreign investments are exempted from customs duty and custom liabilities, excluding custom registration, in accordance with the provisions of the Law on Customs Policy.

Forms of foreign investments:

1. establishment of legal entity completely owned by foreign investor,
2. establishment of joint venture of domestic and foreign investor,
3. investment to existing legal entity,
4. special forms of investments.

Rights and privileges of foreign investor and liabilities resulting from this Law cannot be abolished or annulled by entering into force of additionally passed laws and other regulations.

- This Law was published on December 31, 2001., and it came into force on January 08, 2002.

- Exchanges and supplements of this Law came into force on October 11, 2003.