

**Government of Montenegro**

**Ministry of Finance**

## **Questionnaire**

Information requested by the European Commission to the Government of Montenegro for the preparation of the Opinion on the application of Montenegro for membership of the European Union

– ADDITIONAL QUESTIONS –

### **33 Financial and budgetary provisions**

Minister:

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**CHAPTERS OF THE ACQUIS – ABILITY TO ASSUME THE  
OBLIGATIONS OF MEMBERSHIP**

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## **33: Financial and budgetary provisions**

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## ***I. TRADITIONAL OWN RESOURCES***

### **1. (Ref. to Q 1): Please expand the answer by explaining accounting and control procedures.**

In accordance with regulations (Law on Budget), customs service is competent for the collection of the following Budget receipts: customs, compensations for performing customs services, special duty levied on importing agricultural products, excise tax on importing mineral oils and derivatives, excise tax on importing alcohol and alcoholic beverages, excise tax on importing tobacco products, weight-based fee, other administrative fees, compensation for using roads in transit, value added tax, equipment costs, calculated interest, fine in misdemeanour procedure, costs associated with administrative customs and misdemeanour procedure, proceeds from sold goods, compensation for holding duty free shops, other revenues.

In accordance with Article 218 of the Customs Law, a competent customs authority calculates and records customs debt as soon as it obtains necessary data.

Order on the Manner of Paying Public Revenues is applied for the purpose of proper and uniform collection of public revenues that the Customs Administration is in charge of. The same Order prescribes the accounts at which the payment of public revenues is made, as well as the manner of payment of such revenues.

In accordance with the aforementioned Order, the following evidence (transitory) accounts of the Customs Administration are opened with the Central Bank of Montenegro for the payment of Budget revenues that the Customs Administration is in charge of: 805-955-02 Customs Administration, 805-100-45 administrative fees account, 805-107-24 Customs Office Podgorica, 805—37-40 Customs Office Kotor, 805-175-14 Customs Office Bar, 805-38-37 Customs Office Bijelo Polje.

The payment of revenues, i.e. the payment of customs debt by customs obligors is done on the forms prescribed by the Decision on the Form, Contents and Use of Unique Payment Operations Instruments in the country, and within the prescribed deadline in accordance with the Customs Law.

- The Central Bank submits the statements on daily changes in the accounts of the Customs Administration.
- Upon the identification of the types of revenues, the Customs Administration transfers funds from the settlement accounts to the Central Account of the State Treasury, and it submits at the same time "Statements of Receiver" about the structure of public revenues per eco codes.
- Transfer of funds is done once per day, with the obligation to have zero in the settlement account at the end of the business hours.
- Receiving funds in the evidence account of the Customs Administration and transfer of funds to the Central Account of the State Treasury, as well as closing of receivables based on customs debt are done through the Financial Module that is implemented in the customs information system.

### **Supplement to the Customs Module – using the possibility of deferred payment with the submission of bank guarantee**

- Customs Module must provide the control of bank guarantee, as follows: date validity of bank guarantee, control of bank guarantee limit, and debiting of bank guarantee with pending receivables.

**Financial Module:**

\* Financial Module Application envisages primarily that **all processing is done at the central location of the Customs Administration**, while using the received information - Customs Administration Statement that is submitted on a daily basis, and through the linked system for sending and receiving information between the Customs and Financial Modules.

The Financial Module provides for:

\* **taking over and processing transactions on settlement and evidence accounts of the Customs Administration with the Central Bank – inflows** - as well as **the transfer of funds to the budget accounts and bank accounts** (clearing of accounts and refunds)-**outflows-**

- Review of transactions Mt940 – daily statements –
- Review of details and positions Mt940
- Review of transactions Mt103 – individual transactions
- Detailed review of inflows – name of customs debtor, gyro account of sender (bank - payee), amount, TIN

\* **Recording (making an entry) and processing of receivables** on the basis of the customs procedure – automatic recording of customs debt

\* **Manual entering of receivables and liabilities** on the basis of other procedures (entering of decisions adopted in administrative procedure, decisions adopted in misdemeanour procedure, receiving and selling of seized goods, etc.)

\* **Automatic closing of inflows according to credit remittance advice** –collection and receivables (partial and total)

\* **Automatic closing (settlement) of liabilities and outflows**

\* **Distribution of funds** – *statement of receiver*

- Daily review of details – positions (per ECO codes) in the statement of the receiver – on a daily basis
- Distribution of inflows per ECO codes that are automatically closed
- Calculation of percentages for distribution of inflows – open items that are not automatically closed

\*In case when customs debtor within the deadline allowed by law fails to pay the customs debt, the Revenue Collection Division submits – **Warning to the debtor and bank-guarantor for untimely payment of the customs debt in case of deferred payment regime with foreclosure of the customs debt security.**

The calculation and collection of the customs debt is controlled by a competent customs branch office and customs office - Customs Branch Office for Financial, Material and General Affairs, and controlling organizational units of the Customs Administration: Internal Audit Department, Internal Control Department.

In case of matured but unpaid customs debts that are not secured by collateral - bank guarantees (occurred based on a customs procedure, customs administrative or misdemeanour procedure), the collection is enforced in accordance with the Law on Enforcement Procedure (Official Gazette of the Republic of Montenegro 23/04) by submission of the enforcement decision to the Central Bank of Montenegro by a competent customs office. The Central Bank of Montenegro immediately orders commercial banks where the judgment debtor has his gyro accounts opened to block all accounts, and then orders the collection of debts using the funds from these accounts for the benefit of the prescribed accounts of the Customs Administration.





## **II. VAT RESOURCE**

### **2. (Ref. to Q 5): Please expand the answer by explaining accounting and statistical infrastructure.**

Taxpayers are obliged to keep accounting records in accordance with the Law on Accounting that prescribes the application of the International Accounting Standards when recognizing revenues and expenditures of a taxpayer and when determining all balance positions.

Taxpayers are obliged to keep also off-balance records in accordance with the Law on Value Added Tax that envisage the data on generated turnover subject to VAT, then data on calculated output and paid input VAT, data on paid import VAT. The Law on Value Added Tax prescribes that taxpayers are obliged to keep the book of issued invoices and the book of received invoices for the purpose of providing the aforementioned data.

The Tax Administration keeps VAT accounting that includes data on calculated and paid VAT, tax debt and tax credit, and in such a manner analytical card for each taxpayer is formed.

The Tax Administration also provides for statistical data from tax returns, as follows:

- number of registered taxpayers;
- number of submitted returns;
- number of non-submitted returns;
- value of taxable turnover;
- taxable turnover per rates;
- value of turnover in case of export;
- paid VAT in the previous phases of turnover (input VAT);
- amount of determined tax liabilities per individual taxpayer, group of taxpayers and all taxpayers;
- amount of tax credit for individual taxpayer, group of taxpayers and all taxpayers.

The Tax Administration is in charge of collection and control of paid VAT in the country, and the Customs Administration is in charge of collecting taxes in case of import.