

JURISDICTIONAL PROFILE: **Bosnia and Herzegovina**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Bosnia and Herzegovina. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

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**RELEVANT JURISDICTIONAL AUTHORITY**

Organisation	The Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina (the Union)  The Association of Accountants and Auditors of the Republic of Srpska (RS-AAA)
Role of the organisation	The Union is accountable for the translation and publication of IFRS Accounting Standards into the Bosnian language. This process is carried out with the aim of facilitating the implementation of these Standards in the Federation of Bosnia and Herzegovina. The translated Standards undergo a rigorous review process.  RS-AAA is in charge of publication of the IFRS Foundation official Serbian translation and application of IFRS Accounting Standards in the territory of the Republic of Srpska.
Website	The Union: <a href="http://www.srr-fbih.org/">http://www.srr-fbih.org/</a>

RS-AAA: <http://www.srrrs.org/?jezik=eng>

Email contact

The Union: [info@srr-fbih.org](mailto:info@srr-fbih.org)RS-AAA: [mirela.bojic@srrrs.org](mailto:mirela.bojic@srrrs.org)

## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?

Yes.

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?

Yes.

The Federation of Bosnia and Herzegovina has committed to implementing IFRS Accounting Standards. This commitment was made through the issuance of the Law on Accounting and Auditing in the Federation on 24 February 2021. According to the law, IFRS Accounting Standards issued by the IASB are mandatory. The law can be downloaded in local languages from this link.

The commitment of the Republic of Srpska to IFRS Accounting Standards was made for the first time in 2005 in the Law on Accounting and Auditing of the Republic of Srpska (Official Gazette of RS No. 62/05). Later, the commitment was also made in the Law on Accounting and Auditing of the Republic of Srpska (Official Gazette of RS No. 36/09 and 52/11). In November 2015 the Republic of Srpska adopted a new Law on Accounting and Auditing (Official Gazette of RS No. 94/15 and 78/20), which, like the previous one, prescribes the requirements and framework regarding accounting and auditing in the Republic of Srpska. The Law on Accounting and Auditing of the Republic of Srpska requires all entities to prepare financial statements in accordance with IFRS Accounting Standards. A Ministry of Finance regulation has allowed the use of the *IFRS for SMEs* Accounting Standard by non-listed entities since 2011.

The law can be downloaded here.

What is the jurisdiction's status of adoption?

### **Federation of Bosnia and Herzegovina**

IFRS Accounting Standards that apply are only those translated into the local language and published on the official website.

The Federation of Bosnia and Herzegovina has adopted IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard for all companies. In collaboration with the FBH Insurance Supervision Agency and other stakeholders, it has been agreed to postpone the implementation of IFRS 17 *Insurance Contracts*. The effective date will be extended beyond January 1, 2026, in order to enhance the legislative framework and enable the insurance market to sufficiently prepare for a successful implementation.

### **Republic of Srpska**

IFRS Accounting Standards that apply are only those translated into the local language and published on the official website. At the date this profile was published, these are the 2018 required IFRS Accounting Standards.

The Republic of Srpska has adopted IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard for all companies.

The effective date of IFRS 17 *Insurance Contracts* will be extended to accounting periods beginning not before 1 January 2027, although early application is permitted for:

- legal entities whose operations are governed by special regulations on the basis of which the authority responsible for supervising the entities' operations has prescribed the application of Standards that have not been translated and published; and
- legal entities whose parent legal entity or ultimate parent legal entity is based abroad.

Additional comments provided on the adoption status?

In Bosnia and Herzegovina, the implementation of IFRS Accounting Standards became mandatory in 2006. This implementation was done through the State Law on Accounting and Auditing, which was adopted in 2004. The law made it compulsory for all entities to adopt IFRS Accounting Standards issued by the IASB, with the accompanying implementation guidance and Interpretations.

Pursuant to the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina, which was published in the FBH Official Gazette, No. 15/21, companies that meet the criteria of being large legal entities, entities that are required to prepare consolidated financial statements (parent companies), and public interest entities, regardless of their size, must adhere to IFRS Accounting Standards. SMEs have the option to apply either the *IFRS for SMEs* Accounting Standard or IFRS Accounting Standards.

Law on Accounting and Auditing of the Republic of Srpska require all entities to prepare financial statements in accordance with IFRS Accounting Standards, and a Ministry of Finance regulation has allowed the use of the *IFRS for SMEs* Accounting Standard by non-PIE's since 2011.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

IFRS Accounting Standards are required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of

Yes.

companies whose securities trade in a public market?

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Pursuant to the Law in Federation of Bosnia and Herzegovina, IFRS Accounting Standards are applied by large companies (as per company classification from the Law on accounting and auditing in FBiH), entities subject to mandatory preparation of consolidated financial statements (parent companies), public interest entities and those preparing to become public interest entities, regardless of size.

As per Law in FBiH, Public Interest Entities (PIE) are:

- legal entities whose securities are traded on organised securities markets;
- banks, microcredit companies, insurance and reinsurance companies, factoring companies, leasing companies, investment fund management companies, voluntary pension fund management companies, brokerage-dealership companies and other financial organisations;
- public companies, as defined in accordance with the regulations governing the operation and management of public enterprises in Federation of Bosnia and Herzegovina; and
- all legal entities of special significance for the Federation, regardless of their legal form and organisation.

Companies not listed above (non-PIEs and SMEs) have the option to apply either the *IFRS for SMEs* Accounting Standard or IFRS Accounting Standards.

It is mandatory for Public Interest Entities (PIE) pursuant to Law in the Republic of Srpska which are:

- legal entities whose securities are traded or being prepared for issuance on organised securities markets;
- banks, microcredit companies, insurance companies, leasing companies, stock exchanges, brokerage-dealership companies and other financial organisations;
- public companies, as defined in accordance with the regulations governing the operation and management of public enterprises; and
- all legal entities of special significance for the Republic, regardless of their legal form and organisation.

At the proposal of the line ministry responsible, decision on determining the status of a legal entity of special significance for the Republic shall be approved by the Government of the Republic of Srpska.

Non-PIEs have the option to apply either the *IFRS for SMEs* Accounting Standard or IFRS Accounting Standards.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

## IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard issued by the IASB.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard issued by the IASB.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

IFRS Accounting Standards that apply are only those translated into the local language and published on the official website applicable for both, FBiH and RS.

The Law on Accounting and Auditing in FBH (2021) requires the mandatory use of the complete sets of IFRS Accounting Standards or the *IFRS for SMEs* Accounting Standard, as well as associated guidance issued by the IASB.

Law on Accounting and Auditing of the Republic of Srpska (2015/2020), prescribes mandatory application of the IFRS Accounting Standards and associated guidance issued by the IASB. There is no need to incorporate individual IFRS Accounting Standards into law.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

Yes.

If yes, what is the process?

The Union disseminates translations on its official website and, in certain specific situations, collaborates with the regulatory body to start the implementation of particular standards. Before making a determinative decision to initiate the implementation process, the organisation seeks consultation and inputs from all relevant stakeholders in the sector. However,

in most cases, the implementation process starts in accordance with the Standards as initially expected.

In accordance with Article 2 of the Law on Accounting and Auditing of Republic of Srpska and Law on Accounting and Auditing of Bosnia and Herzegovina, the accounting standards to be applied in all of the territory of BiH are: (i) the International Accounting Standards (IASs), that is, IFRS Accounting Standards, and (ii) related instructions, explanations and guidance issued by the IASB. Application of the *IFRS for SMEs* Accounting Standard is permitted.

The BiH Accounting and Auditing Commission, in accordance with BiH Law on Accounting and Auditing (2004), is the recognised authority for the translation and issuance of IFRS Accounting Standards and any related instructions, explanations and guidance issued by the IASB. According to the Law, this authorisation can be transferred to the PAOs. In line with this legislation, the Commission authorised the AAARS to translate and publish IFRS Accounting Standards into the Serbian language. In accordance with the contract with the IFRS Foundation, AAARS publishes on its official website translated Serbian versions of IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard and makes decisions about their implementation.

AAARS has shared responsibility for the adoption and implementation of IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard in the Republic of Srpska. AAARS focuses on providing training and ensuring that new and revised Standards are translated and disseminated to members of the profession. Currently, the translation of the 2019 edition is available.

AAARS delivers CPD programmes on IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard and publishes manuals that provide practical implementation guidance on specific IFRS Accounting Standards. The AAARS also arranges training on the Standards for accountancy education providers.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

None.

If yes, what are the changes?

Not applicable.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

In collaboration with the FBH Insurance Supervision Agency and other stakeholders, it has been agreed to postpone the implementation of IFRS 17 *Insurance Contracts*. The effective date will be extended beyond January 1, 2026, in order to enhance the legislative framework and enable the insurance market to sufficiently prepare for a successful implementation.

Based on the request of the Chamber of Commerce of the Republic of Srpska and the Insurance Agency of the Republic of Srpska, the Board of Directors of the Association of Accountants and Auditors of the Republic of Srpska decided that IFRS 17 will be applied to annual accounting period beginning on 1 January 2027 or later. However, early application is permitted for legal entities whose operations are governed by special regulations on the basis of which the authority responsible for supervising the entities' operations prescribed the application of Standards that have not been translated and

published. Early application is also permitted for legal entities whose parent legal entity or ultimate parent legal entity is based abroad.

Based on decisions of Banking Agency of Federation of Bosnia and Herzegovina and Banking Agency of Republic of Srpska (together 'the Banking Regulators'), banks are required to apply additional requirements defined by the Banking Regulators. These decisions introduce:

- minimum rates for the calculation of impairment for credit losses (if IFRS 9-based ECL allowance is lower than the one based on minimum rates);
- guidance on the valuation of non-financial assets arising from credit operations (acquired tangible assets whose valuation is within the scope of other relevant IFRS Accounting Standards); and
- specific presentation requirements.

## TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?

Yes. The responsibility for translating professional standards has been delegated by the BH Auditing and Accounting Commission of the government to two professional accountancy organisations:

- The Union of Accountants, Auditors, and Financial Workers of the Federation of Bosnia and Herzegovina for the Bosnian and Croatian languages.
- Association of Accountants and Auditors of the Republic of Srpska for the Serbian language.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

All translations adhere to the translation process established by the IFRS Foundation.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

Yes.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

Not applicable.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

None.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

SMEs have the option to apply either the *IFRS for SMEs* Accounting Standard or IFRS Accounting Standards.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

See above.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? None.