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Bosnia and Herzegovina

Payroll & Employment Law Guide

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Separate payroll rules for the Federation, Republika Srpska and Brčko District

For general information purposes only

Overview

A reference for employing in Bosnia and Herzegovina

Company registration is not one state-level application. The investor must first choose the employer's jurisdiction and then complete that jurisdiction's registry, tax and social-security chain.

40h	20 days	BAM 1,027	BAM 1,000
NORMAL WORKING WEEK IN ALL THREE JURISDICTIONS	GENERAL ANNUAL-LEAVE FLOOR	2026 FBIH NET MINIMUM WAGE	2026 RS BASE NET MINIMUM WAGE

WHAT THIS GUIDE COVERS

I	**Setting Up and Doing Business**	Company registration is not one state-level application.
II	**Working Conditions and Leave**	Normal weekly hours are 40 hours in all three regimes.
III	**Tax and Social Security**	The first payroll-design field is the employee's jurisdiction.
IV	**Payroll Operations**	The international code for the convertible mark is BAM and it is pegged to the euro at 1 EUR = 1.955830 BAM.
V	**Hiring and Termination**	The employment contract should be in writing before work begins and mandatory insurance registration must be completed.
VI	**Compensation and Benefits**	There is no automatic annual salary increase or mandatory 13th salary for every private-sector employer across Bosnia and Herzegovina.
VII	**Visas and Work Permits**	The competent FBiH, RS or Brčko employment authority issues the work permit based on the employer's registered office.
VIII	**Practical Notes and Key Considerations**	The main control is assigning every employee to the correct payroll regime.
IX	**Incentives and Employer Support**	The standard employer burden is 5% in FBiH.

I

Setting Up and Doing Business

Company registration is not one state-level application. The investor must first choose the employer's jurisdiction and then complete that jurisdiction's registry, tax and social-security chain.

STRUCTURE OR STEP	FBIH	RS	BRČKO
Limited company	d.o.o., minimum capital 1,000 BAM	d.o.o., minimum capital 1 BAM	d.o.o., confirm current capital and court rule before filing
Joint-stock company	d.d.	a.d.	District company rules apply
Registry	Competent court	APIF one-stop and competent registry	Brčko competent registry and court process
Tax and employee registration	FBiH Tax Administration and relevant funds	RS Tax Administration Unified System	Brčko Tax Administration, District funds and selected pension fund
Payroll launch	Contract and mandatory insurance registration	Contract and Unified System registration	Contract, insurance registrations and fund selection

The incorporation instrument, capital payment where required, commercial registry, bank account, tax registration and employee registrations follow one another. Cantonal procedures and local permits must also be checked within FBiH.

> Verify before payroll
> EOR note: This research did not verify a single country-wide EOR license that replaces local employer, tax, social-security and immigration duties. The local employer model, actual working arrangement and labor-supply rules must be reviewed by jurisdiction.

II · WORKING CONDITIONS AND LEAVE

Normal weekly hours are 40 hours in all three regimes. Overtime caps, the source of the pay uplift and maternity-leave details differ.

II

Working Conditions and Leave

TOPIC	FBIH	RS	BRČKO
Normal work	40 hours/week	40 hours/week	40 hours/week
Overtime cap	8 hours/week	10 hours/week, 4 hours/day, normally 180 hours/year	10 hours/week, an additional 10 hours with written consent and 300 hours/year in total
Overtime premium	Rate in collective agreement, work rules or contract	Rate in collective agreement, general act or contract	At least 30%
Annual leave	20-30 working days	At least 20 working days	At least 20 working days
Hazardous work	Special rule or collective agreement	At least 30 working days of leave	30-35 working days of leave
Maternity leave	1 year, at least 42 days after birth	1 year, 18 months for twins and every 3rd or subsequent child	1 year, 18 months for twins and every 3rd or subsequent child

In FBiH, labor inspection must be notified if overtime lasts for 3 consecutive weeks or more than 10 weeks in a calendar year. In RS, the annual cap of 180 hours may rise to 230 hours through a collective agreement. In Brčko, work above the statutory base limit requires the employee's written consent.

Sick-leave certification, the employer-funded period, reimbursement and benefit rate are set by the relevant health-insurance rules. A single national rate should not be used because application can differ between FBiH cantons.

> Verify before payroll
> Control point: Reading the labor law alone is not enough to set the overtime rate. FBiH and RS payroll must check the applicable collective agreement, employer rules and contract together.

III · TAX AND SOCIAL SECURITY

The first payroll-design field is the employee's jurisdiction. The second field for a Brčko employee is pension-fund selection. A correct gross-to-net calculation cannot be built without both.

III

Tax and Social Security

JURISDICTION	PIT ON EMPLOYMENT INCOME	EMPLOYEE CONTRIBUTION	SEPARATE EMPLOYER CONTRIBUTION
FBiH	10%	31%: 17% pension, 12.5% health, 1.5% unemployment	5%: 2.5% pension, 2% health, 0.5% unemployment
RS	8%	31%: 18.5% pension, 10.2% health, 0.6% unemployment, 1.7% child protection	No separate share for standard employment
Brčko, FBiH pension route	10%	30.5%: 17% pension, 12% health, 1.5% unemployment	2.5% pension
Brčko, RS pension route	10%	32%: 18.5% pension, 12% health, 1.5% unemployment	No separate pension share

Since July 1, 2025, the employer contribution in FBiH is 5%, the employee contribution is 31% and the standard aggregate burden is 36%. The older 10.5% employer and 41.5% aggregate rates must not be used for 2026 payroll.

2026 WAGE FLOOR	CURRENT AMOUNT	APPLICATION NOTE
FBiH minimum wage	1,027 BAM net/month	January 1-December 31, 2026
RS base level	1,000 BAM net and 1,476.23 BAM gross	Jobs requiring no specified education
RS qualification bands	1,050, 1,100, 1,350 and 1,450 BAM net	Based on the education required for the job
Brčko	Not locked as one figure	Check general act, sector and pension route together

For employees in specified no-qualification and 3-year secondary-education categories in RS, 50 BAM of monthly wages is exempt from PIT and contributions from January 1, 2026. The official calculation example uses a monthly personal deduction of 1,000 BAM. The exemption must be applied together with the employee category and Form 1002 reporting.

Bosnia and Herzegovina has no single SGK-equivalent body. Tax administrations manage assessment and collection. Pension, health, unemployment and RS child-protection funds are divided by jurisdiction.

IV

Payroll Operations

The international code for the convertible mark is BAM and it is pegged to the euro at 1 EUR = 1.955830 BAM. Payroll should be calculated in BAM, while foreign-currency displays require separate contract and payment-date controls.

OPERATION	FBIH	RS	BRČKO
Payroll cycle	Pay intervals no longer than 30 days	Monthly payroll	At least monthly, by current month-end for the prior month
Employee document	Written salary calculation	Salary calculation and general act	Written salary calculation
Tax return	MIP-1023	Form 1002	District tax return
Insurance registration	FBiH tax and insurance system	Unified System	District registration and selected pension fund
2026 special note	Contribution total 36%	Exempt income also goes on Form 1002	Pension-fund code is required master data before calculation

FBiH contributions are paid with salary and no later than the last day of the month in which salary fell due. MIP-1023 is the monthly report. In RS, payments exempt from tax in 2026 must also be shown in the relevant Form 1002 schedule.

Brčko payroll requires an additional control layer. Health and unemployment contributions go to District institutions, while pension contribution goes to the employee's selected FBiH or RS fund. The selection must be retained in payroll master data with effective dates.

A foreign employee's immigration permission does not replace payroll registration. Tax residence, the place where work is actually performed, the employer and any double-tax treaty must be assessed separately.

V · HIRING AND TERMINATION

The employment contract should be in writing before work begins and mandatory insurance registration must be completed. In Brčko, copies of insurance registrations must be given to the employee within 15 days after contract conclusion or work commencement.

V

Hiring and Termination

TOPIC	FBIH	RS	BRČKO
Probation	Maximum 6 months	Maximum 3 months plus an additional 3 months by agreement	Maximum 6 months
Fixed term	Normally maximum 3 years	Check objective ground and current statutory exceptions	Normally maximum 2 years
Employee notice	At least 7 days	At least 15 calendar days	At least 15 days of continued work
Employer notice	At least 14 days	At least 30 calendar days	General floor 15 days
Contractual maximum for employer	3 months	General act or contract	3 months

The reason for termination must be written, specific and consistent with the applicable labor law. Warning and response procedures should not be skipped for performance or conduct cases. Vacancies, consultation and collective-dismissal rules require separate review for economic or organizational terminations.

When a qualifying indefinite-term employee is dismissed by the employer after at least 2 years of continuous service, minimum severance applies. It equals one-third of average monthly pay in the preceding 3 months for each completed year with that employer. In FBiH and RS, the statutory cap is 6 times that monthly average. Employee fault and protected-status rules can change the outcome.

The general old-age pension route in FBiH and RS is age 65 with at least 15 years of insurance service. Alternative service-based routes exist. Pension eligibility should not always be treated as an automatic and reason-free termination right.

VI · COMPENSATION AND BENEFITS

There is no automatic annual salary increase or mandatory 13th salary for every private-sector employer across Bosnia and Herzegovina. A collective agreement, employer rule or individual contract may create higher pay, bonuses and benefits.

VI

Compensation and Benefits

ITEM	BASELINE APPROACH	PAYROLL CONTROL
Overtime	Premium pay required	FBiH and RS rate comes from the applicable instrument
Brčko work premium	At least 30%	Overtime, night, weekly rest day and statutory non-working day
Seniority increase	Depends on regime and general act	Show separately from minimum-wage control
Meal and transport	Collective agreement or employer rule may create entitlement	Verify tax exemption by jurisdiction
13th salary	No general statutory obligation	Check contract and company practice
Private medical insurance	Voluntary benefit	Determine tax and contribution impact locally

Qualifying FBiH employers may pay up to 300 BAM per month in worker assistance under the 2026 regulation. When its conditions are met, the amount falls outside PIT and mandatory contributions. Employer wage-payment and public-debt conditions, the payment period and documentation must be checked before use.

The benefit dictionary in the payroll system should carry jurisdiction, tax treatment, contribution treatment and payment frequency. A meal or transport payment with the same label should not be assumed to have the same outcome in FBiH, RS and Brčko.

VII · VISAS AND WORK PERMITS

The competent FBiH, RS or Brčko employment authority issues the work permit based on the employer's registered office. The employer applies for a specified worker, position and period.

VII

Visas and Work Permits

STAGE	RULE	PERIOD OR LIMIT
Job offer	Local employer and position identified	Starting step
Work permit	Competent employment authority	Maximum 1 year
Temporary residence	Service for Foreigners' Affairs	Permit term + 30 days, maximum 1 year in total
Work commencement	After temporary-residence approval	Early start prohibited
Quota	Annual country quota	Statutory quota-independent categories exist
Short stay	90 days/180 days under visa-free regime	Does not grant the right to work

The first temporary-residence application is generally filed from outside the country. People entering with a long-stay D visa or under a visa-free regime may apply within Bosnia and Herzegovina under specified conditions. Foreign-language documents must be translated into an official language.

A narrow exception allows a company founder to perform specified tasks for up to 3 months per year without an employment relationship. If the founder will also be a salaried director, the work-permit rule applies again.

VIII · PRACTICAL NOTES AND KEY CONSIDERATIONS

The main control is assigning every employee to the correct payroll regime. The group's headquarters or payment bank does not replace this classification.

VIII

Practical Notes and Key Considerations

CONTROL	CORRECT PRACTICE	ERROR RISK
Jurisdiction	Determine actual workplace and employer registration together	Using one country rate
Brčko pension route	Retain FBiH or RS fund selection with effective dates	Mixing 30.5% and 32% rates
Collective agreement	Check sector and employer coverage	Underpaying overtime and benefits
Minimum wage	Select FBiH, RS education band or Brčko rule	Grossing up the wrong floor
Foreign worker	Complete work permit and residence	Starting before residence approval
Termination	Evidence the written reason and procedure	Relying only on contractual notice
Incentive	Check open call and budget	Treating a program as an automatic rate cut

Disability-employment obligations, cantonal health rules, record-retention periods and sector collective agreements require separate applicability matrices. Instead of using one country-wide number, records should point to the applicable law and institution.

Wage, tax, contribution and fund payments must reconcile under the same employee identity. Payroll close should compare contract, attendance, leave, gross wage, deductions, fund routing and bank totals.

IX

Incentives and Employer Support

The standard employer burden is 5% in FBiH. RS has no separate employer contribution for standard employment. In Brčko, the employer pension share is 2.5% or 0% depending on the selected fund route. Employment support does not automatically change these rates.

PROGRAM OR MECHANISM	EMPLOYER BENEFIT	2026 CONDITION
FBiH Employment Co-financing	Monthly support by target group	Total budget 45,000,000 BAM, at least 4,100 people, 10 measures
FBiH Nova mogućnost	900 BAM monthly	6 or 12 months, qualifying registered unemployed person
RS employment programs	Hiring, self-employment and internship co-financing	2026 total 18.47 million BAM
Brčko 2026 calls	Self-employment and social-enterprise support	Subject to call, training and business-plan conditions
FBiH 2026 worker assistance	Up to 300 BAM monthly tax-free and contribution-free aid	Qualifying employer and regular liability-payment condition

Programs depend on an application, available budget and call calendar. The employer should first check the open call with the relevant employment authority and preserve the order if reservation or approval is required before hiring. Contracts, insurance registrations and wage-payment evidence should be retained throughout the program.

No single national automatic system comparable to Türkiye's broad SGK incentive-code catalogue was verified in Bosnia and Herzegovina. Support that has not been approved by the authority should not be applied directly to the payroll rate.



EOR & PAYROLL, HANDLED

Manage Bosnia and Herzegovina payroll & employment from one center with Datassist.

FBiH, RS and Brčko apply different payroll rates, forms and employment rules. Datassist helps international employers coordinate Bosnia and Herzegovina payroll and employment processes through one jurisdiction-aware control plan.

Schedule a Meeting →

3	40h	2026
PAYROLL JURISDICTIONS	NORMAL WORKING WEEK	CURRENT LEGISLATION BASE

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