

## Comparison of in Terms of Accounting Standards, Regulations and Regulating Bodies Turkey with Bosnia and Herzegovina

### Türkiye ile Bosna Hersek'in Muhasebe Standartları, Düzenlemeler ve Düzenleyici Kurumlar Açısından Karşılaştırılması

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*Abstract: In the globalisation process, rapid economic developments in the competitive environment have revealed the need for changes in accounting. As a result of efforts to create a common language in accounting, International Financial Reporting Standards have entered into force, and efforts to adapt rapidly by countries continue. Bosnia and Herzegovina, and Turkey are among these countries that implement International Financial Reporting Standards. In this study, the similarity and differences between Turkey and Bosnia and Herzegovina have been compared. Although both countries apply the International Financial Reporting Standards, the uniform chart of accounts structure differs. The balance sheet structures are not the same, but they are similar.*

*Keywords: Accounting, Accounting Standards, Regulations, Turkey, Bosna and Herzegovina*

*JEL Classification: M40, M41, M48*

*Öz: Dünyada globalleşme sürecinde rekabet ortamında hızlı ekonomik gelişmeler muhasebede değişiklik ihtiyacını ortaya çıkarmıştır. Muhasebede ortak bir dil oluşturma çabaları sonucunda Uluslararası Finansal Raporlama Standartları yürürlüğe girmiş olup ülkeler tarafından hızla uyumlanma çabaları devam etmektedir. Bosna Hersek ve Türkiye de bu ülkelerden olup Uluslararası Finansal Raporlama Standartlarını uygulamaktadırlar. Bu çalışmada Türkiye ve Bosna Hersek muhasebesi karşılaştırılarak benzerlikleri ve farklılıkları ortaya koyulmaktadır. Her iki ülke Uluslararası Finansal Raporlama Standartları'nı uygulamasına rağmen tekdüzen hesap planı yapısı farklılık içermektedir. Bilanço yapıları aynı değil ancak benzerlik göstermektedir.*

*Anahtar Sözcükler: Muhasebe, Muhasebe Standartları, Düzenlemeler, Türkiye, Bosna Hersek*

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## 1. Introduction

The countries have some differences regarding the accounting standards, regulations and regulating bodies. These differences result from factors such as the structure of the legal and financial systems, the shareholding structure of the enterprises and the related financing methods, the level of development of the accounting profession, the level of education and the development of the users of accounting information. However, the studies carried out in recent years are aimed at reducing the accounting standard differences between countries and unions by harmonizing them with international accounting standards with the changes they make in their own practices.

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Companies investing in different countries experience many problems while preparing their financial statements. It is intended to combine universally accepted and used reporting standards for all businesses operating in the international market. International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) have been put into effect in order to eliminate the differences between accounting practices and to facilitate the correct and economic decisions of investors. The International Accounting Standards Board (IASB) continues to work towards strengthening international accounting by using the same standards in different countries of the world as the foundation of knowledge creation.

IAS and IFRS are published by IASB, an independent entity. The purpose of these standards is to allow companies to compare their financial statements at an international level. These standards, which started to be published as IAS in 2001, were later published as the IFRS. The IASB has created a more simplified set of accounting tools for small and medium-sized enterprises and has issued the International Financial Standards for Small and Medium-sized Enterprises (IFRS for SMEs).

In this study, Turkey and Bosnia and Herzegovina have been compared in terms of similarities and differences in accounting standards, regulations and regulating bodies. Accounting standards, uniform chart of accounts, income statements, balance sheets are among the most important elements of accounting in both countries. The uniform chart of accounts is different in the two countries. Balance sheets are similar, and accounting standards are the same. There is a single regulating body in Turkey, but there are three regulating bodies in Bosnia and Herzegovina. There is a double entry system in both countries. The Bosnia and Herzegovina accounting practices, which was in the process of transition to the European Union, was adapted to meet new economic conditions and was adapted to IAS and IFRS. The IFRS for SMEs is also in force for SMEs. Moreover, in this country, a value-added tax rate is used, and this rate is 17%, the corporate tax rate is 10%, and a fixed exchange rate is valid.

In Turkey, IAS and IFRS, the literal translation of which is the Turkey Accounting Standards (TAS) and Turkey Financial Reporting Standards (TFRS), is in force at the same time as the legislation relating to the former accounting practice continues in the Uniform Accounting System. In addition, Financial Reporting Standard for Large and Medium Enterprises (FRS for LMEs) is applied in Turkey. Also, Public Oversight, Accounting and Auditing Standards Authority has issued a draft on the Financial Reporting Standards for Small and Micro Sized Enterprises in order to receive opinion of public.

The Free Trade Agreement signed between Bosnia and Herzegovina and Turkey is very important in terms of increasing mutual trade with this country. This country is a potential market for investment for companies and investors in Turkey. For this purpose, Bosnia and

Herzegovina is included in the study. The present study aims to provide support in the accounting dimension by drawing attention to Bosnia and Herzegovina.

## **2. Accounting in Turkey**

Accounting in Turkey is affected by accounting in other countries. The development of accounting standards under the leadership of the state in Turkey is realized by taking the countries with which it is economically and politically related as an example.

After 1950, Turkey was influenced by the economic and cultural development of relations with the United States. Furthermore, in 1987, following the application for membership to the European Union (EU), more recently, the International Accounting Standards have been affected. In 2002, the EU adopted international accounting standards. In addition, the EU has asked all member and candidate countries to implement these standards. The standards have been applied in Turkey.

Regulations concerning the accounting practices in Turkey has been continuing for a long time. The IASB's IAS, IFRS and International Financial Reporting Interpretations (IFRIC) have been translated into Turkish. The Turkish translation of IAS/IFRS was published under the name TAS/TFRS in the official gazette following copyright agreements signed by the IASB having decided on the same set of applications (Akdoğan 2007, 102).

A Turkish translation of IAS/IFRS has been published under the name TAS/TFRS. The definition of standards has been expanded to include TAS, TFRS, TFRS Interpretation and TAS Interpretations. As IFRSs are generally created with the needs of public interest organizations in mind, they are not suitable for the needs of smaller businesses. For this purpose, an IFRS set was published for SMEs, but this set could not be applied due to cost and not being suitable for needs in Turkey.

Companies that are out of the scope of TFRS but are subject to independent audit are applying FRS for LMEs. FRS for LMEs is a standard for companies that are subject to independent audit and who do not apply TFRS. FRS for LMEs does not resemble the IFRS for SMEs and is closer to TFRS. It has been decided by Public Oversight, Accounting and Auditing Standards Authority (POAASA) to establish the Financial Reporting Standard for Small and Micro Enterprises in order to ensure that the financial statements of the enterprises meet the bookkeeping conditions on the balance sheet basis. Later, the draft of the Financial Reporting Standard for Small and Micro Enterprises for smaller businesses was published. The application Financial Reporting Standard for Small and Micro Enterprises, which was prepared on the basis of the EU Directive, the United Kingdom standard in force for micro-enterprises, FRS 105, consists of a total of 22 chapters.

Public Oversight Accounting and Auditing Standards Authority in Turkey, enabling compatibility with regulations and supervision of IAS/IFRS, is responsible for the enactment and revision of standards organisations (KGK 2018):

- i) Creation of the Turkish Accounting Standards,
- ii) Creation of the Turkish Auditing Standards,
- iii) Authorisation of the independent auditors and independent auditing companies,
- iv) To supervise their activities.

A total of three value-added tax rates of 1%, 8% and 18% are applied in Turkey. The corporate tax rate is 23%, and a stock exchange called the “Borsa İstanbul” is also present. Also, the floating exchange rate system is applied in Turkey.

### 3. Accounting in Bosnia and Herzegovina

Bosnia and Herzegovina is one of the countries in Central and Eastern Europe, and the population is largely composed of the three constituent peoples, the Bosniaks, Serbs and Croats. With the end of the war in 1995, great progress was made in terms of reconstruction and development, reintegration and reconciliation. After the war, although initial efforts to restructure were directed by the state, private sector investments later contributed to most of the growth, and this country recorded strong economic growth.

The country consists of two regional-level governments, the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) and a small autonomous region (Brčko), with a high level of autonomy for the central government. The FBiH is also composed of 10 cantons, including its prime ministers, parliamentary presidents and ministers. While the institutions and the region have their own direct taxation policy, the responsibility for indirect taxation is at the state level (Poljašević and Trivić 2019, 89).

The cantons in mention are “Bosniak intensive”, “Croatian intensive” and “ethnically mixed” ones. According to this, there are five cantons that are Bosnian intensive, three that are Croatian intensive and two mixed cantons. Below are those cantons:

Table 1. Cantons of FBiH

<i>“Bosniak Intensive Cantons”</i>	<i>“Croatian Intensive Cantons”</i>	<i>“Ethnically Mixed Cantons”</i>
i) Una-Sana Canton/Unsko-Sanski Canton	i) Canton of Posavina	i) Central Canton of Bosnia
ii) Canton of Tuzla	ii) Canton of Western Herzegovina	ii) Canton of Hersek-Neretva
iii) Canton of Zenica-Doboj	iii) The canton of Livno	
iv) The canton of Bosnia-Podrinje		
v) Canton of Sarajevo		

A Stabilisation and Association Agreement was signed between Bosnia and Herzegovina and the European Union (EU) in 2008, and on March 16, 2015, the agreement was ratified after Bosnia and Herzegovina adopted the document that laid down the reform priorities in February 2015. On 1 June 2015, the Stabilisation and Association Agreement, after the entry into force and a significant obstacle to the country's application for membership to the EU, was overcome. Bosnia and Herzegovina was granted potential candidate country status in June 2013. This country is in the category of potential candidates in the EU (Dışişleri Bakanlığı 2020).

Bosnia and Herzegovina is going through harmonisation of the legal and institutional framework of the EU *acquis communautaire* in the EU accession process. In 2010, the European Commission's progress reports acknowledge that entities have accepted IFRS (Worldbank 2010).

IAS/IFRS have been started to be implemented in Bosnia and Herzegovina. Commission on Accounting and Auditing of Bosnia and Herzegovina (Komisija za Računovodstvo i Reviziju Bosnia i Hercegovina-KZRIR) translates IFRS's to Bosnian.

The Commission on Accounting and Auditing of Bosnia and Herzegovina (KZRIR-Komisija za Računovodstvo i Reviziju BiH) is a state body, whose powers is based on the Accounting and Auditing Law of Bosnia and Herzegovina with the Law on Business Accounting and Auditing. As a legal delegate, the Commission appointed a special international consultant and established professional bodies from each institution and the Council of Ministers of Bosnia and Herzegovina. The Commission is composed of seven members of the accounting profession: i) Three delegates from the Federation of Bosnia and Herzegovina, ii) Three from Republika Srpska, iii) One delegate from Brcko. In principle, members of the Commission: i) Become a member of International Federation of Accountants (IFAC), ii) fully implement the IFAC member's commitment statement, iii) To apply and comply with the IFAC Code of Ethics for Professional Accountants (Komisija-rrbih 2020).

Table 2. The Main Tasks of KZRIR

(i) Translate and publish professional ethical principles and guidelines set forth in the Law;
(ii) Adopt a qualification program, training, testing, certification and licensing program that fully complies with IFAC standards,
(iii) Provide mandatory instructions for the supervision of the implementation of a single training program for qualification in the accounting profession,
(iv) Prepare a unique program for testing candidates for the accounting profession and conducts this program on BiH territory,
(v) The certificate issued by professional bodies follows the appropriate training conditions in terms of passing the exams, fulfilling the training and practical experience requirements.

*Source: Komisija-rrbih, 2020*

The Association of Accountants and Auditors of Republic of Srpska (Savez Racunovoda i Revizora Republike Srpske-SRRRS) and Association of Accountants, Auditors and Financial Officers of the Federation of Bosnia and Herzegovina (Savez Racunovoda, Revizora i Financijskih Djelatnika Federation of Bosnia and Herzegovina-SRR FBiH) are member of Commission on Accounting and Auditing of Bosnia and Herzegovina. They translate and publish all standards and related rules.

The SRR FBiH is a non-profit and members of certified accounting officer, certified financial accountants, certified auditors and other accounting professions. The duties of this institution are as below (SRR-FBIH 2020).

Table 3. The Main Tasks of SRRiF-FBiH

(i) To ensure the application of International Accounting Standards, and do instructions of the International Federation of Accountants (IFAC) and the International Accounting Standards Board (IASB),
(ii) Licensing of its members in accordance with the standards and guidelines of the authorised international institutions and organisations in this field,
(iii) To ensure the continuous professional development of professional accountants,
(iv) To fulfil other activities and responsibilities of the professional accounting.

*Source: SRR-FBIH, 2020*

On 28 October 1996, the SRRRS, a non-governmental organisation, was established as an association of professional accountants, headquartered in Banja Luka. Alongside the transformation of accounting into IFRS and adoption and implementation of IAS, the association has rapidly and clearly turned to a European accounting approach. The association is engaged in translating, publishing and implementing IAS and IFRS (SRRRS 2020).

From the legal aspect that accounting financial system in this country and its fundamental elements are set adequately. The Ministry of Finance holds the authority and control over the implementation of accounting procedures and financial reporting contents (Roje, Vasicek and Vasicek 2010, 13).

In the application of Value Added Tax in Bosnia and Herzegovina, according to the provisions of the Value Added Tax Law (Poreza Na Dodanu Vrijednost–PDV) the value added tax rate is a fixed rate of 17%. Bosnia and Herzegovina has one of the lowest VAT rates in the region and in overall (Belak, Bosnjak and Pehar 2006, 78).

Bosnia and Herzegovina Convertible Mark (KM) is the currency of Bosnia and Herzegovina. The code for convertible Bosnia and Herzegovina mark is BAM. The KM symbol is used for the Bosnia and Herzegovina convertible mark.

Bosnia and Herzegovina, which declared its independence after the dissolution of Yugoslavia, abandoned the Dinar, which was accepted as currency until 1997, and accepted the convertible mark (KM) as the national currency. 1 Deutsche Mark (DM):1 KM. The national

currency is fixed to the Deutsche Mark. Thus, the BiH money board system has passed. Later on, when the European currency was changed to the Euro, the national currency was fixed to the Euro. Fixed exchange rate system is implemented in Bosnia and Herzegovina as 1 Euro: 1,95583 KM. Central Bank of Bosnia and Herzegovina (CBBH) started its operations in August 1997. (Kovačević 2003, 58). Value Added Tax (VAT) rate is 17% determined. Moreover, the Corporate tax rate is 10% in this country (Ticaret Bakanlığı 2021, 3). It is a low rate and it is also very acceptable.

The accounting practices in this country has been revised and IAS-MRS and IFRS-MSFI are implemented. In addition, the IFRS for SMEs issued by IASB for small and medium-sized enterprises is applied in Bosna and Herzegovina. Businesses may optionally be subject to disclosure within IFRS for SMEs or IFRS. Also, the uniform chart of accounts has been revised. The training of new applications continues in professional organisations, universities, bachelor's, master's and doctoral levels.

#### **4. Comparison of Accounting Turkey and Bosnia and Herzegovina**

The implementation of International Accounting Standards, which forms the basis for obtaining certain information from global financial reporting, is in force in both countries. The Turkey and Bosnia and Herzegovina accounting practices are discussed below in terms of the uniform chart of accounts, balance sheet, income statement and International Financial Reporting Standards.

##### ***4.1. Uniform Chart of Accounts***

There is a uniform chart of accounts application in Bosnia and Herzegovina accounting practices. The implemented uniform chart of accounts 2007 has been revised. In this revision, the account codes needed in the EU harmonisation process are added to the account plan. The uniform chart of accounts used in this country has 10 main classes from 0 to 9. Each class is divided into 10 account groups between 00 and 99. Each account group has 10 basic accounts between 000 and 999. Each basic account includes an analytical account between 0000 and 9999 (Kapic 2008, 149). Below is the uniform chart of accounts used in this country:

Table 4. Bosna and Herzegovina Uniform Chart of Accounts Framework

0 Fixed Assets and Long-Term Investments
1 Inventories and Assets Available for Sale
2 Cash, Short-Term Receivables and Short-Term Investments
3 Equity
4 Obligations, Protection and Disability
5 Cost Accounts
6 Income Accounts

7 Opening and Closing Conditions of State and Success Accounts
8 Off-Balance Sheet Accounts
9 Calculation of Costs and Effects Accounts

*Source: Revicon, 2011*

This chart of accounts of Bosnia and Herzegovina is not used by financial institutions such as banks, leasing, factoring and insurance companies. A different account plan is used for such financial institutions. The fixed assets in the uniform accounts start with the 0 account code. Fixed assets are the most important part of the business asset structure. This situation gives the clue that the most important elements of the business asset structure are started in the creation of the uniform chart of accounts of this country.

Turkey in 26.12.1992 issued and published by the Ministry of Finance Order No. 1 General Communique on Accounting System Application has become mandatory to use from the date of 01.01.1994. Turkey uniform accounting framework:

Table 5. Turkey Uniform Chart of Accounts Framework

1 Current Assets
2 Non-Current Assets
3 Short-Term Liabilities
4 Long-Term Liabilities
5 Shareholders' Equity
6 Income Statement
7 Cost Accounts
8 Free
9 Off-Balance Sheet

*Source: Resmigazete, 1992*

This uniform chart of accounts is not used in banks, financial institutions, insurance companies, financial leasing companies and securities investment funds, intermediary agencies and investment trusts.

The uniform chart of accounts and account groups in Bosnia and Herzegovina, compared to groups of accounts in the uniform chart of accounts of Turkey are different in both account groups and their names. Bosnia and Herzegovina chart of accounts coding starts from "0" although the start of the coding system in Turkey is "1". In turkey, the most important feature of the structure of the uniform chart of accounts is that the coding starts with the most cash and easily convertible assets. Cash and easily convertible assets start with the "1" account group. Then, it continues with hard-to-cash assets such as fixed assets. However, this feature does not exist in the uniform chart of accounts in Bosnia and Herzegovina. In the uniform chart of accounts of this country, the starting codes of the accounts and fixed assets that take a long time to be converted into cash are made with the "0" account group. The liquidity status of the

accounts does not matter. The logic in the creation of the uniform chart of accounts of both countries is different. The numbering system in the 3-digit account number of the accounts in Turkey; the first signifies account class, the second group signifies account group and the third signifies the account ledger accounts.

The accounting equation is the same in both countries and where the left column is for debts the right column is for receivables. While account number "8" signifies off-balance sheet in the Bosna and Herzegovina Uniform Chart of Accounts, it is signified by account number "9" in Turkey.

#### 4.2. Balance Sheet

The balance sheet framework of both countries is structurally similar. The balance sheet is composed of active (assets) (left side) and passive (liabilities) (right side). Below is the balance sheet framework of both countries:

Table 6. Bosna and Herzegovina Balance Sheet Framework

<i>Active</i>	<i>Passive</i>
0 Fixed Assets and Long-Term Investments	3 Equity
1 Inventories and Assets Available for Sales	4 Obligations, Protection and Disability
2 Cash, Short-Term Receivables and Short-Term Investments	

*Source: Belak, Bosnjak, Pehar, 2006, 67*

In the Bosnia and Herzegovina Uniform Chart of Accounts, the first five account groups constitute the balance sheet accounts. The first three (0-1-2) main account groups of the account groups constitute the assets, and the next two (3-4) main account groups constitute the resources.

Table 7. Turkey Balance Sheet Framework

<i>Active</i>	<i>Passive</i>
1 Current Assets	3 Short-Term Liabilities
2 Non-Current Assets	4 Long-Term Liabilities
	5 Shareholders' Equity

*Source: Resmigazete, 1992*

In Turkey, the first group of five accounts in the uniform chart of accounts are the balance sheet. The first two (1-2) main account groups of the account groups constitute the assets and the next three (3-4-5) main account groups constitute the resources.

There is no maturity separation between assets in the balance sheet structure of Bosnia and Herzegovina. Also, there is no maturity separation between liabilities in the balance sheet structure of Bosnia and Herzegovina. But in Turkey, there are maturity separation both of them.

### 4.3. Income Statement

In Turkey, the income statement accounts are under account group number "6", which includes both income items and expense items. The income statement can be found below:

Table 8. Turkey Income Statement Framework

60 Gross Sales
61 Sales Deductions
62 Cost of Sales (-)
63 Operating Expenses
64 Income and Profit from Other Operations
65 Expenses and Losses from Other Operations (-)
66 Financial Expenses (-)
67 Extraordinary Revenues and Profits
68 Extraordinary Expenses and Loses (-)
69 Provisions for Taxes Payable and Other Statuary Obligations (-)

*Source: Lazol, 2012, 460*

Ten different groups can be observed. "7" constitutes the cost account group and contains two different options such as 7/A and 7/B. Expenses in cost accounts are transferred to the "6" income statement accounts group through transfer accounts. Therefore, only the number "6" accounts consisting of income and expenses are income statement accounts.

When the income statement of Bosnia and Herzegovina is examined, the accounts numbered 5, 6 and 7 are included in the income statement. The following are income statement accounts (Kapic 2008, 106):

Table 9. Bosna and Herzegovina Income Statement Framework

A. Operating Income
60 Income from Sales of Merchandise Goods
61 Income from Sale of Products
62 Income from Activation or Consumption of Goods, Products and Services
65 Other Operating Income
B. Operating Expenses (-)
50 Merchandise Goods Sold at Cost (-)
51 Materials Expenses (-)
52 Wages, Salaries and Other Employee Benefits Expenses (-)
53 Services Expense (-)
54 Depreciation (-)
55 Provisions Expenses (-)
59 Immaterial Expense (-)
C. Finance Income and Losses
66 Finance Income

56 Finance Expenses (-)
D. Other Income and Losses
67 Other Income and Earnings
57 Other expenditures and losses (-)
68 Income/Gains on the Basis of Value Adjustment Income from Revaluation of Value
58 Expenses/Losses on the Basis of Impairment of Assets (-)
64 Change in the Value of Specific Fixed Assets
69 Effects of Changes in Accounting Policies and Correction of Past Years and Transfer of Revenue
59 Effects of Changes in Accounting Policies and Errors from Early Years, Change in Value of Effective Stocks and Transfer of Expenses (-)
72 Account of Income Statement
720 Profit or Loss
721 Tax Cost of the Period

*Source: Kapic, 2008, 106*

When the income statement of Bosnia and Herzegovina is examined, the account group "5" constitute the cost accounts. Cost accounts are included directly in the income statement. Expenses are transferred to the income statement accounts group through numbered 599 and 699 transfer accounts. In addition, accounts numbered 7 consists of opening-closing and income statement account groups and account groups numbered 72 are included in income statements.

#### ***4.4. International Accounting Standards/International Financial Reporting Standards (IAS/IFRS)***

Both of Bosnia and Herzegovina and Turkey translate IAS and IFRS to their own language. The same standards are in force in both countries. In Turkey, IAS/IFRS denominate Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS). TAS 18 and TAS 11 have been repealed in Turkey.

The Bosnia and Herzegovina Accounting Standards are also policy-based and are the same in terms of content. In Bosnia and Herzegovina, IAS and IFRS have been introduced as "MRS-Međunarodni Računovodstveni Standard F and "MSFI-Međunarodni Standard Financijskog Izvještavanja" (SRR-FBIH 2020).

## **5. Conclusion**

This study compares accounting standards, regulations and regulating bodies Bosnia and Herzegovina and Turkey. Bosnia and Herzegovina are included in the study. Because this country is full of opportunities for companies and investors. Fixed exchange rate system and low tax rates in this country make this country attractive for companies. Below are the similarities and differences that have been determined:

1. Bosnia and Herzegovina, which is in the process of transition to the European Union, has improved in recent years in terms of accountings. Revisions were made on the old accounting practices, and the new chart of account was prepared, and the transition process was completed. The IFRS (MRS and MSFI) published by the IASB and the IFRS for SMEs are in place and are implemented by companies. The firms decide to apply the IFRS or IFRS SMEs upon request. In Turkey, the main determinant in the preparation and presentation of financial statements is whether the firms are subject to independent audit. The companies subject to independent audit will apply TFRS or FRS for LMEs. The IFRS for SMEs published by the IASB is not applied in Turkey. It has been established the Financial Reporting Standard for Small and Micro Enterprises in order to ensure that the financial statements of the enterprises that meet the bookkeeping conditions on the balance sheet basis and that are not subject to independent auditing.

2. A total of three value-added tax rates of 1%, 8% and 18% are applied in Turkey and a flexible exchange rate system is applied. The corporate tax rate is 23% and a stock exchange called the "Borsa İstanbul" is also present. In Bosnia and Herzegovina, there are two stock exchanges. The fact that there are two exchanges is due to the current state system in the country. Moreover, a value-added tax rate is used, and this rate is 17%. The corporate tax rate is 10% and the fixed exchange rate is valid. The implementation of the fixed exchange rate system poses a disadvantage even if the corporate tax rate is low.

3. There are structural differences between the uniform chart of accounts that both countries benefit from. The uniform chart of accounts codes in Turkey line up among the numbers "1 and 9", and in Bosna and Herzegovina the uniform chart of accounts codes line up among numbers between "0 and 9". While accounts line up according to the liquidity situation of the utilised account in Turkey, in Bosna and Herzegovina account coding line up according to the importance of the company's fixed assets. In Turkey, the structure of the uniform chart of accounts is that the coding starts with the most cash and easily convertible assets. But this feature does not exist in the uniform chart of accounts in Bosnia and Herzegovina.

4. Bosnia and Herzegovina and Turkey are not the same in terms of balance sheet structure, but there are similarities. Active accounts in the balance sheet of both countries are on the left and passive accounts are on the right side. However, balance sheet accounts vary. In Turkey accounts starting with 1, 2, 3, 4 and 5 are balance sheet accounts. In the balance sheet, assets are monitored in two accounts, liabilities are monitored in three accounts. Short-term liabilities are 3 account group and long-term liabilities are 4 of account group. As outsourcing payables groups in Turkey have been elaborated according to the short and long term. In Bosnia and Herzegovina, accounts starting with 0, 1, 2, 3 and 4 are the balance sheet accounts. In the

balance sheet, assets are monitored in three accounts, liabilities are two account groups. In the balance sheet structure in Bosnia and Herzegovina, assets group on the basis of three main accounts, Turkey is detailing assets on the basis of two main accounts. In the balance sheet structure in Bosnia and Herzegovina, liabilities group on the basis of two main accounts, Turkey is detailing liabilities group on the basis of three main accounts. There is no maturity separation between assets in the balance sheet structure of Bosnia and Herzegovina. And there is no maturity separation between liabilities in the balance sheet structure of country. But in Turkey, there is a maturity separation in terms of assets and liabilities in the balance sheet in Turkey.

5. Income and expenses in Turkey are found in groups of 6 numbered accounts. The expenses in cost account group 7 are transferred to the account group 6 through transfer accounts. In Bosnia and Herzegovina, no such accounting is made. The 5, 6, and 7 accounts, which include expenses, income and tax accounts, are included in the income statement.

6. There is one regulating body in Turkey. But there are three regulating bodies in Bosnia and Herzegovina.

There are also differences between the two countries in the accounting dimension as well as similarities. This country is one of the countries that can be preferred in terms of investment.

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