The information contained in Investment in Kosovo is of a general nature and is not intended to address the circumstances of any particular individual or entity and should not be construed as providing legal advice. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.
Dear reader,

This publication presents an overview of matters to be considered by those thinking of investing or doing business in Kosovo. The information presented in this publication has been carefully researched, and all efforts have been taken to ensure the information is correct and reflects the current situation as of January 2012 unless otherwise stated.

Investment in Kosovo offers a brief look into the history and development of the political, economic and social structures of Kosovo. The newest state in Europe has been gifted with enviable human and natural resources, from minerals to fertile agriculture land, from a young and dynamic labour force to a favorable central location in the region. Combination of these assets demonstrates the overwhelming potential for investors and will for certain contribute to the growth of the Kosovo economy.

Due to the continuous growth and constant change in Kosovo it is important to obtain further information before concluding any decisions regarding investments. We would appreciate the opportunity to assist you in planning and implementing your investment in Kosovo.

For further information or inquiries on any matters discussed in this publication, please contact Boga & Associates:

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Chapter 1

General Information

Fast Key Facts

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<tr>
<th>Category</th>
<th>Data/Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>10,900 km²</td>
</tr>
<tr>
<td>Land Use</td>
<td>52% agriculture, 39% forests</td>
</tr>
<tr>
<td>Population</td>
<td>1.733.872 (as by Census, 2011)</td>
</tr>
<tr>
<td>Average Monthly Labor Costs</td>
<td>330 Euro (on 2010)</td>
</tr>
<tr>
<td>Capital</td>
<td>Prishtina (est. population 200.000)</td>
</tr>
<tr>
<td>Official Languages</td>
<td>Albanian, Serbian</td>
</tr>
<tr>
<td>Currency</td>
<td>Euro</td>
</tr>
</tbody>
</table>

Source: Investment Promotion Agency of Kosovo-IPAK

A Brief History of Kosovo

At the heart of the Balkans, Kosovo was part of the Roman Empire, then Byzantium, and part of the Ottoman Empire in the early 15th Century. Kosovo became part of Serbia before the First World War, and Yugoslavia just after. In the Socialist Federal Republic of Yugoslavia (SFRY), Kosovo enjoyed a certain degree of autonomy from 1974-89. The SFRY began to break up during the early 1990’s with Slovenia, Croatia and Bosnia & Herzegovina breaking away from the state. During 1998 the Serbian police and military took a brutal campaign against ethnic Albanians in Kosovo which lead Kosovo in the war.

During this campaign over 800,000 ethnic Albanians were expelled by force from their homes in Kosovo and tens of thousands of people were killed.

As a result of the brutal campaign and ethnic cleansing the international community made an effort for parties the so called Rambouillet Accords, which offered for Kosovo autonomy and the involvement of NATO presence. Serbia’s failure to agree lead to 78 days aerial bombing on the Federal Republic of Yugoslavia (F.R.Y.).

UN Security Council Resolution 1244 (1999) placed Kosovo under a transitional administration, the UN Interim Administration Mission in Kosovo (UNMIK). Under the resolution, Serbia’s territorial integrity was protected, but it was UNMIK that assumed responsibility for governing Kosovo. KFOR, the NATO-led peace implementation force, provided military security in Kosovo.
In 2001, UNMIK promulgated a Constitutional Framework, which established Kosovo’s Provisional Institutions of Self-Government (PISG). An UN-led process began in late 2005 to determine Kosovo’s future status. Negotiations held intermittently between 2006 and 2007 on issues related to decentralization, religious heritage, and minority rights failed to yield a resolution between Serbia’s willingness to grant a high degree of autonomy and the Albanians’ call for full independence for Kosovo. On February 17, 2008, the Kosovo Assembly declared its independence from Serbia, which was recognized by USA, large part of EU countries and other world’s countries. Since then, the Republic of Kosovo is an independent, sovereign and democratic country.

Geography and Climate

Kosovo, the newest state in Europe is situated in the central part of the Balkan. In the Southwest, it is bordered by Albania, in the West by Montenegro, in the North by Serbia and in the East and Southeast by Macedonia.

Kosovo covers a surface area of approx. 10,900 square kilometer and is characterized by an average altitude of 800 m above sea level. The lowest point of Kosovo is located at an elevation of 297 m White Drin River (Drini i Bardhë), at the border to Albania. The country rises up to the highest point in the South of Kosovo – Gjeravicë at 2,565 m.

The Bjeshkët e Nemuna or Albanian Alps divide Kosovo from Albania in the south-west while Kopaonik Mountain in the north, borders Serbia. The central region of Drenica and the eastern part of Kosovo are mainly hilly. Between these hills and the surrounding mountains are 2 plains - the Rrafshi i Dukagjinit basin in the western part, and the Fushë Kosovë plain in the eastern part. Drini i Bardhë runs from western Kosovo toward the Adriatic and the Ibri snakes across the north of the country.

The climate is continental with some Mediterranean and alpine influences, characterized with warm summers and cold and snowy winters. The temperatures range from +35° C in summer, to –20° C in the winter.

The administrative capital and the largest city is Pristina (in Albanian: Prishtina), while other big cities are Prizren, Peja, Mitrovica, Gjilan, Ferizaj, Gjakova etc.

Population and Language

Kosovo’s population estimations range from 1.9 to 2.5 million. Referring to the population census conducted on 1981 and on 1991, estimated Kosovo’s population at 1.6 and 1.9 million respectively. According to the Statistical Office of Kosovo, from the preliminary results of the last census done in early 2011 Kosovo’s population is 1,733,872. The population density is close to 200 per square kilometer, one of the highest in Europe. Its ethnic composition according to Statistical Office of Kosovo estimation is 92% Albanian, while the largest minority is represented by Serbians. Other minority groups include Bosnians, Turks, Roma, Gorans, Ashkali and Egyptians. Around 33% of the population is below 15 years of age, and only around 6% of the population over 65 years of age.
Kosovo has lately seen a drop in birth rate and infant mortality. Also the large segment of the Kosovo population has immigrated during the 1990’s to Western Europe. Pristina, the capital city has a population of 198,000 inhabitants. The population in Kosovo has been growing steadily over since World War II. The largest increase has been through the Albanian community while the Serbian population has in overall stayed stable. Future trend of population in Kosovo are difficult to predict at this juncture. However, the overall population is expected to continue to increase well into this century. The Albanian language belongs to the Indo-European languages family.

**Government and Political System**

**FORM OF THE GOVERNMENT**

Kosovo is a Parliamentary Republic. The official name of the country is “Republic of Kosovo” (in Albanian: Republika e Kosovës). On April 8, 2008 the Constitution of Kosovo was approved by the Assembly of Kosovo and entered into force on June 15, 2008.

The President of the Republic of Kosovo proposes to the Assembly a candidate for Prime Minister, in consultation with the political party or coalition that has won the majority in the Assembly, necessary to establish the Government, which is finally approved in the Assembly.

**LEGISLATIVE STRUCTURE**

Assembly of Kosovo (the Parliament) of 120 members is elected every four years through general election. According to the Kosovo Constitution, the Assembly of Kosovo elects the President for a five-year term.

**JUDICIAL SYSTEM**

The judicial system consists of the Constitutional Court, the Supreme Court, District Court, Municipal Courts, Minor Offence Courts and District Economic Court.

**LOCAL GOVERNMENT**

According to the Kosovo Constitution, the basic unit of local government in the Republic of Kosovo is the municipality. Establishment of municipalities, municipal boundaries, competencies and method of organization and operation are to be regulated by law.

**EU MISSION – EULEX**

EULEX, the new mandate of the EU Mission in Kosovo, which officially started on February 16, 2008, is to strengthen Kosovo institutions, legal authorities and agencies for law enforcement.
DEFENCE

**KFOR**

Security in Kosovo is guaranteed by KFOR, a military force which consists of troops contributed by 30 nations, under NATO command. KFOR entered Kosovo on June 12, 1999. It very quickly restored peace and order in Kosovo and is now working with the Kosovo Government and continuing to provide security.

**Kosovo Security Force (KSF)**

The Kosovo Security Force (KSF) is a new, professional, multi-ethnic, lightly armed and uniformed Security Force that is subject to democratic, civilian control. The KSF mission is to represents and protect all the people of Kosovo. The Ministry for the Kosovo Security Force (MKSF) is responsible for exercising civilian control over the Kosovo Security Force (KSF), including management and administration.

---

**GOVERNMENT AGREEMENT AND TRADE REGIME**

- **Central European Free Trade Agreement – CEFTA**

  Since July 2007, UNMIK, with the given authority to represent Kosovo in foreign affairs, signed Kosovo membership to CEFTA, making possible investors entering Kosovo, accessing a market of 28 million people and taking advantage of a free trade.

- **EU Market**

  In addition, Kosovo enjoys customs-free access to the EU market based on the EU Autonomous Trade Preference (ATP) Regime as well as customs-free access to the US market.

  Government of Kosovo is focused in taking ongoing improvements concerning business climate and in speeding up the regional and European integration of Kosovo. Ongoing reforms are in place regarding the support of businesses and their investment activities within the country.

- **Trade Regime**

  Kosovo has a liberal trade regime, from which derive three major benefits, namely improved export possibilities, a better investment environment, and stable relations with its neighbors. The Customs Code is based on the EU custom code and is fully compliant with WCO agreed rules on customs procedures and the Harmonized Commodity Description and Coding System.

**Box1**

Source: [http://www.eciks.org](http://www.eciks.org)

---

1 Source: [http://www.mksf-ks.org](http://www.mksf-ks.org)
Visa System for Foreigners Traveling to Kosovo

Kosovo is very easy to access and to enter it, only a valid passport is required since it does not apply visa regime. Visitors are advised to register with their country’s representative office in Kosovo, if they have one.

As indicated at the Table no 2, there are nine land border crossings into Kosovo:

<table>
<thead>
<tr>
<th>Land border crossings into Kosovo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hani i Elezit (Municipality of Hani i Elezit) to Macedonia</td>
</tr>
<tr>
<td>Lleshaku (Municipality of Mitrovica) to Serbia.</td>
</tr>
<tr>
<td>Gllobiçica (Municipality of Prizren) to Macedonia</td>
</tr>
<tr>
<td>Merdare (Municipality of Podujevo) to Serbia</td>
</tr>
<tr>
<td>Vërmica (Municipality of Prizren) to Albania</td>
</tr>
<tr>
<td>Dheu i Bardhë (Municipality of Gjilan) to Serbia</td>
</tr>
<tr>
<td>Kulla (Municipality of Peja) to Montenegro</td>
</tr>
<tr>
<td>Mutivoda (Municipality of Prishtina) to Serbia</td>
</tr>
<tr>
<td>Zubin Potok (Municipality of Mitrovica) to Serbia</td>
</tr>
</tbody>
</table>

Residence of Foreigners

WORK PERMIT

As per provisions of law no. 03/L-136, dated 10.07.2009 “On Issuance of the Work Permit for Foreign Citizens in the Republic of Kosovo,” foreigners wishing to work in Kosovo for a period of more than three months should obtain the work permit issued by the Ministry of Labor and Social Welfare.

The law provides for the exemption from the work permit to the following persons:

a- Representatives and employees of diplomatic offices and international organizations with diplomatic status

b- Important personnel of commercial companies as defined on the Stability-Association Agreement between EU member states and Kosovo

c- Representatives of non-governmental and non-profit organizations

d- Executive directors and important employees of foreign companies who operate or aim to operate in the Republic of Kosovo

e- Other employees and professionals of a foreign company that will work with the branches of such companies in the Republic of Kosovo

f- Specialists coming to work in accordance with bilateral and multilateral agreements
g- Staff of international transportation companies

h- Lectures, members of scientific staff, university lectures/professors, members of scientific staff of private scientific organizations, if there is a public interest, due to their particular knowledge

i- Representatives of mass-media, correspondents or reporters, working for a foreign employer

j- University students participating in exchange summer works based on the respective agreements

k- Military and civil officials of governments of other states who arrive in Kosovo in the basis of a contract of cooperation with Kosovo Government

l- Representatives of religious institutions who conduct work especially related to the religion.

According to the Instruction no. 17/2009 “On Procedures of Issuance of the Work Permit for Foreigner Citizens” of the Ministry of Labor and Social Welfare, as amended, for obtaining the work permit the required documents are the following:

1. Application form

2. Employment contract

3. Evidence of professional knowledge and other qualifications showing professional skills or specialization, in accordance with the contract and the workplace

4. Certificate of the business registration of the employer in Kosovo

5. Brief description of the business activity of the employer in Kosovo

6. Passport bearing the last entry seal into Kosovo or an official valid visa, if applicable

7. Penal record certificate, issued by the competent authorities in the country of origin. When the foreigner citizen is legally residing in Kosovo, such certificate may be obtained by Kosovo institutions

8. Medical certificate issued in the country of origin or in the country of his last residence. When the foreign citizen is legally residing in Kosovo, such certificate may be obtained by Kosovo institutions

9. Certificate from the labor office proving that there are no registered unemployed citizens of Kosovo who meet the employment requirements for such work position.

The official fee for obtaining the work permit is 150 Euro. The term of issuance of the work permit is 30 days.
RESIDENCE PERMIT

Under law no. 03/L-126, dated 16.12.2008 “On Foreigners,” the foreigners who enter in the Republic of Kosovo and will stay more than 90 days within 180 days must obtain the residence permit.

In order to obtain the residence permit the foreigner must submit near the Department for Citizenship, Asylum and Migration the following documents:

- a- Passport, that should be valid for at least 3 months after the expiry of the residence permit term
- b- Evidences proving sufficient living means (e.g. bank accounts certificates)
- c- Work permit
- d- Evidences on housing (e.g. lease contract)
- e- Health insurance
- f- Penal record certificate issued by the competent authorities in the country of origin.

The law 03/L-126 provides for an exemption from the requirement for obtaining the residence permit to the members of diplomatic and consular missions, the members of missions of the organizations of UN and other institutions of the UN, and the members of missions of international organizations accredited in the Republic of Kosovo and their family members.

Accommodation

Whether for business or pleasure, Pristina offers excellent accommodation. For the foreigners that have to stay longer in Kosovo, a rent of a house or an apartment could be more wisely. The rental cost for 100 m² is approximately 500 Euro per month. There are too many real estate agencies operating in Pristina that can assist foreigners in finding accommodation.

There are many pleasant restaurants that offer various combination of traditional Kosovo cuisine, Italian and Turkish dishes. A list of highly rated and popular hotels and restaurants is included in Appendix A.

Working Hours

The public administration works five days a week, from Monday until Friday. The usual working hours are 08.00-16.00.
Modes of Transportation

ROAD NETWORK: The road network consists of 630 km of main roads. A highway connecting Kosovo with Albania and Serbia is currently under construction.

RAILWAY: Combined length of 330 km. It covers the entire territory, connecting both the south with the north and east with west 2.

AIR TRANSPORTATION: As Pristina’s International Airport has a capacity of one million passengers per year, it is considered as the most frequented airport of the region. The International Airport “Adem Jashari” is a 20 minutes drive from the center of Pristina. It connects Kosovo via direct flights to London, Vienna, Istanbul, Budapest, Zurich, Tirana, Frankfurt, Düsseldorf, Stuttgart, Hanover, Copenhagen, Stockholm, Gothenburg etc. A one-way taxi journey into the city costs approximately 25-30 Euro.

Telecommunication

In the field of telecommunication there are 3 fixed telephony companies and 2 mobile telephony companies operating in Kosovo, so far. Three main internet service providers offer stable and broadband Internet, including DSL, Wireless, and Cable, at prices comparable with other European countries.

2 Source: http://www.eciks.org/english/index.php
Chapter 2
Economic Situation Overview

BASIC ECONOMIC INDICATORS

Over the past years, the macro economy performance of Kosovo has fluctuated between positive and negative growth. Economic growth over the last period recorded a real growth of GDP at levels of 4%, marking a real increase compared to year 2009 (3.8%). Differently from 2009, where the growth was mainly driven by the increase of public expenditures and decrease of prices, the growth in 2010 was driven by the increase of consumption and investments in private sector. An average increase of prices of 3.5% was recorded during 2010, which was mainly driven by the increase of prices of food products.

The Graph no 1 below, shows a comparison estimation of the real growth rate by years and percentages released from International Monetary Fund (IMF) and Statistical Office of Kosovo (SOK)

![Graph no 1]

Source: IMF (2011) and SOK (2010)

The nominal GDP amounted at 4.2 billion Euro\(^3\). The increase of private and public sector consumption led to a higher growth rate of the overall consumption in 2010, compared to year 2009. Additionally in 2010, the performance improvement of the global economy has positively affected the economy of Kosovo, making the private sector the key promoter of the economic growth in Kosovo.

\(^3\) Source: International Monetary Fund (IMF), year 2011
Implications to the Gross Domestic Product (GDP)

As result of the relatively large volume of Kosovo imports compared to the volume of exports, the negative trade balance continue to have a negative impact in the GDP ratio of Kosovo. Concurrently, trade deficit in 2010 raised by 4.5 % and exports recorded a significant growth reaching the highest level during the post-war period.

Macroeconomic Indicators Insight

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<tr>
<td><strong>REAL SECTOR</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Nominal GDP (mln E)</td>
<td>3.054</td>
<td>3.182</td>
<td>3.411</td>
<td>3.849</td>
<td>3.868</td>
<td>4.113</td>
</tr>
<tr>
<td>Real GDP</td>
<td>3.9%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>5.4%</td>
<td>4.0%</td>
<td>4.6%</td>
</tr>
<tr>
<td>GDP per capita (in Euro)</td>
<td>1.476</td>
<td>1.515</td>
<td>1.605</td>
<td>1.784</td>
<td>1.766</td>
<td>1.850</td>
</tr>
<tr>
<td>Nominal GDP (in mln Euro) 2/</td>
<td>3.003</td>
<td>3.120</td>
<td>3.394</td>
<td>3.851</td>
<td>3.912</td>
<td>-</td>
</tr>
<tr>
<td>Prices (annual avg) 2/</td>
<td>-1.4%</td>
<td>0.6%</td>
<td>4.4%</td>
<td>9.4%</td>
<td>-2.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Prices (Year on Y) 2/</td>
<td>0.7%</td>
<td>1.1%</td>
<td>10.5%</td>
<td>0.5%</td>
<td>0.1%</td>
<td>6.6%</td>
</tr>
<tr>
<td><strong>FINANCIAL SECTOR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in million Euro)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial corporations assets</td>
<td>1,650.8</td>
<td>2,159.0</td>
<td>2,941.9</td>
<td>3,370.3</td>
<td>4,005.0</td>
<td>4,439.8</td>
</tr>
<tr>
<td>of which: ODC</td>
<td>984.4</td>
<td>1,161.2</td>
<td>1,435.0</td>
<td>1,808.2</td>
<td>2,204.1</td>
<td>2,455.2</td>
</tr>
<tr>
<td>ODC Loans</td>
<td>513.9</td>
<td>636.6</td>
<td>892.1</td>
<td>1,183.4</td>
<td>1,289.0</td>
<td>1,458.7</td>
</tr>
<tr>
<td>Deposits at ODC</td>
<td>836.7</td>
<td>924.3</td>
<td>1,143.1</td>
<td>1,444.1</td>
<td>1,744.9</td>
<td>1,936.9</td>
</tr>
<tr>
<td><strong>External sector</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in mln Euro)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current account</td>
<td>-247.5</td>
<td>-226.1</td>
<td>-354.1</td>
<td>-628.7</td>
<td>-603.5</td>
<td>-732.5</td>
</tr>
<tr>
<td>of which: goods import</td>
<td>-1,146.3</td>
<td>-1,295.6</td>
<td>-1,545.2</td>
<td>-1,885.7</td>
<td>-1,850.6</td>
<td>-1,776.1</td>
</tr>
<tr>
<td>of which: remittances</td>
<td>418.0</td>
<td>467.1</td>
<td>515.6</td>
<td>535.4</td>
<td>505.6</td>
<td>511.6</td>
</tr>
<tr>
<td>Foreign direct investment (received)</td>
<td>107.6</td>
<td>294.8</td>
<td>440.7</td>
<td>366.5</td>
<td>287.4</td>
<td>361.7</td>
</tr>
</tbody>
</table>

Source: 1) Monthly Statistic Bulletin (Central Bank of Republic of Kosovo (CBK), December, 2001)
2) International Monetary Fund (2008-2010).
3) Statistical Office of Kosovo.

Total Investments

According to the Central Bank of Republic of Kosovo (CBK), the overall investments in Kosovo marked positive developments.

Private sector investments recorded a real growth of 5.9% in 2010 compared to the 2.2% growth rate in 2009.
Public sector also contributed to the total investment increase of the country, although growing with a slower pace compared to the year 2009. The annual real growth rate of public investments in 2010 was 11.7%, compared to the growth rate of 29.0% in 2009.

FDI

The FDI account reached the amount of 307.9 million Euro in 2010, which is an increase of 9.6% compared to year 2009.

The FDI structure by economic activity in 2010 is showing the manufacturing industry at the higher level of contribution at about 23% of total FDI, followed by the financial sector which absorbed 22.1% of total FDI in Kosovo.

Structure of FDI by economic activity

Inflation

In 2010, inflation recorded an average rate of 3.5%, while the inflationary pressures were more intense during the second half of the year. Inflation in Kosovo was mainly a result of the increased food prices, which increased at the global level.

Source: International Monetary Fund (IMF), year 2011
Unemployment

Despite continuous efforts on improvements from year to year, during 2010, the unemployment rate still remained at high levels, estimated to be around 45%. In this regard, it is important to consider the fact that among this rate, the percentage of population reaching the employment age is not included at all in the labor market. The high level of participation of informal sector has its contribution to this issue, affecting the vulnerable young structure of Kosovo population, since a significant number of new jobseekers add up in Kosovo on annual basis, while the number of jobs generated within a year is quite low. Nevertheless, it is estimated that 80% of the employees are engaged in the private sector. On the other hand the public sector also represents an important employer, absorbing around 20% of the total employees in Kosovo.

The Graph no 3 below, shows the unemployment rate trend in years (in percentage):


Public Finance

**Budget revenues** in 2010 were equivalent to 1.17 billion Euro or 2.8% higher compared to year 2009. As a proportion of GDP, 2010 saw a lower ratio achieving at 27.9%, which represents a decline compared to the average for the countries in the region in year 2009 (34.2%).

Border taxes continue to dominate the structure of budget revenues, presenting 59.3% of the total budget revenues in 2010. Within the border taxes the border VAT represents the largest category 30.7%, amounting at 361.3 million Euro. Net revenues from local taxes in 2010 amounted at 194.2 million Euro. Within the revenues of local taxes the largest share is represented by domestic VAT revenues, which in 2010 reached at 95 million Euro. One of the factors that may have contributed to a better collection is also the implementation of fiscal cashiers. Fiscal cashiers started to be installed by enterprises in Kosovo for the first time in March 2010.
The Graph no 4 below represents the structure of budget revenues, in percentage, for the period preceding 2010

**Graph no 4**

<table>
<thead>
<tr>
<th>Year</th>
<th>Local Government revenues</th>
<th>Donor grants</th>
<th>Revenues growth rate (right axis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>11.5%</td>
<td></td>
<td>4.3%</td>
</tr>
<tr>
<td>2007</td>
<td>26.8%</td>
<td></td>
<td>21.7%</td>
</tr>
<tr>
<td>2008</td>
<td>11.5%</td>
<td></td>
<td>4.3%</td>
</tr>
<tr>
<td>2009</td>
<td>11.5%</td>
<td></td>
<td>4.3%</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Finance and Economy (MFE)

**Budget expenditures** in 2010, recorded an annual growth of 3.2%, which represents a lower rate compared to the growth of year 2009 (29.6%). Budget expenditures to GDP ratio in 2010 stood at 30.1% which represents a lower share compared to the average of the region (35.3% of GDP in 2009). As well as in 2009, capital outlays in 2010 absorbed the largest share of the budget expenditures achieving 455.3 million Euro, and recorded an annual growth rate of 13.7%. The largest part of capital outlays during 2010 was designated for infrastructure investments (57% of total capital outlays).

**The Graph no 5 below, represents the structure of budget expenditures, in percentage, for the period preceding 2010**

**Graph no 5**

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages and salaries</th>
<th>Transfers and subsidies</th>
<th>Goods and services</th>
<th>Capital outlays</th>
<th>Expenditures growth rate (right axis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>-8.5%</td>
<td>4.0%</td>
<td>43.8%</td>
<td>29.6%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>2007</td>
<td>50.0%</td>
<td>40.0%</td>
<td>30.0%</td>
<td>20.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2008</td>
<td>43.8%</td>
<td>29.6%</td>
<td>10.0%</td>
<td>-10.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2009</td>
<td>29.6%</td>
<td>20.0%</td>
<td>10.0%</td>
<td>-20.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Kosovo’s budget ended the year 2010 with a deficit of 93.2 million Euro, compared to the deficit of 85.5 million Euro in 2009. The budget deficit to GDP ratio reached at 2.2%.
Kosovo signs the Financial Agreement with International Monetary Fund (IMF)

On 2010, Kosovo for the first time entered into a financial arrangement with the IMF. The IMF granted the first Stand By Arrangement loan to Kosovo at the amount of 108.9 million Euro, which is equivalent to 157% of Kosovo’s quota in the IMF. This arrangement was aimed at addressing the budgetary needs, and, according to the agreement, the IMF is expected to distribute the granted loan to Kosovo budget in six installments throughout a period of 18 months. Following the approval of the program with the IMF, Kosovo is expected to receive further budget donations and loans from other international institutions.

Box 2
Source: Central bank of the Republic of Kosovo (CBK)

The trend of fiscal indicators as proportion of GDP by years is presented as below (Table no 4):

Table no 4

<table>
<thead>
<tr>
<th>In % of GDP</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>32.8</td>
<td>26.8</td>
<td>28.1</td>
<td>31.4</td>
<td>30.1</td>
<td>24.8</td>
<td>34.2</td>
<td>27.9</td>
</tr>
<tr>
<td>Expenditures</td>
<td>30.3</td>
<td>32.8</td>
<td>31.2</td>
<td>27.7</td>
<td>31.4</td>
<td>25.0</td>
<td>35.3</td>
<td>30.1</td>
</tr>
<tr>
<td>Overall Balance</td>
<td>2.5</td>
<td>-6.0</td>
<td>-3.1</td>
<td>3.7</td>
<td>-1.3</td>
<td>-0.2</td>
<td>-1.1</td>
<td>-2.2</td>
</tr>
</tbody>
</table>


Financial Sector

Financial Sector in Kosovo experienced a slower growth during 2010. Nevertheless, main financial indicators suggested a high level of stability for the Kosovo’s banking system.

In 2010, 59.7% of GDP was represented by banking system assets being at the same time among the main contributors to the financing of consumption and investments in the country. The total value of financial sector assets reached at 3.2 billion Euro in 2010, which represents an annual growth of 13.7% (24.2% in 2009).

The key players in financial sector still remain commercial banks and pension funds, managing 77% and 15.5% of total financial sector assets, respectively. The remaining part of assets is shared between microfinance institutions (4.3%), insurance companies (3.1%) and other financial auxiliaries (0.2%).

The activity of financial institutions operating in Kosovo is not complex and is based mainly on the traditional financial activities such as lending and collection of deposits from citizens. This trend had quite a significant role in financing the domestic consumption and investments, too.
Central Bank

The Banking and Payments Authority of Kosovo (BPK) established in November 1999, which operated within UNMIK Pillar IV, has the authority to insure order, control and proper supervision within the financial sector. It is tasked with monitoring the establishment of the basic regulatory, organizational and technical infrastructure required for the development of a functioning competitive financial system.

The Kosovo Constitution recognizes the creation of Central Bank of Kosovo, as an independent institution reporting to the Assembly of Kosovo.

Banking and Financial areas: A year marked by law approvals!

In 2010, the Assembly of Kosovo approved the new Law “On Central Bank of the Republic of Kosovo”, with much more duties and responsibilities for the CBK in providing financial and macroeconomic stability to the country.

Other approvals:

- Law “On Deposit Insurance System”
- Initiation for amendments and drafting of other laws relevant to the financial sector:
  - Law on Banks
  - Law on Microfinance Institutions and Non-Bank Financial Institutions
  - Law on Compulsory Third Party Liability Insurance
  - Law on Payment Systems, etc.

*These are all efforts aiming the enhancement of the business environment and the generation of new investments by foreign as well as domestic investors in country of Kosovo.*

Source: Annual Report 2010, Central Bank of Republic of Kosovo (CBK)

Banking Industry Composition

The structure of Kosovo’s banking system in 2010 remained similar to the previous year in relation with number of banks and their ownership structure. In the end of 2010, there were 8 commercial banks operating in the Kosovo’s banking system, of which the majority, 6 foreign owned banks represented the 90.2% of the total banking sector assets and the remaining share of assets is managed by 2 domestic-owned banks (9.8%).
Kosovo’s banking sector during 2010 mainly consisted of:

- High degree of market concentration, nearly 77.4% of total banking system assets being managed by the 3 largest banks
- Continuous growth of activity of banks with law lending limit, based on their registered capital
- Decline in regard to the concentration degree in the banking market
- Number of branches and sub-branches of commercial banks reaching at 303 (an annual increase of 16 unites)
- Number of employees in the banking system marking an increase compared to year 2009.

The number of current accounts in commercial banks recorded a slower growth during 2010, reaching 1.40 million Euro in December 2010 compared to 1.36 million Euro in December 2009.

Here below, is presented a comparative summary of banks operating in countries of the region (as by end 2010):  

<table>
<thead>
<tr>
<th>Country</th>
<th>Foreign banks</th>
<th>Domestic banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>14</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>Bosnia &amp;Herzegovina</td>
<td>21</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Croatia</td>
<td>16</td>
<td>17</td>
<td>33</td>
</tr>
<tr>
<td>FYR Macedonia</td>
<td>12</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Montenegro</td>
<td>7</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Serbia</td>
<td>20</td>
<td>14</td>
<td>34</td>
</tr>
<tr>
<td>Slovenia</td>
<td>3</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Kosovo</td>
<td>7</td>
<td>2</td>
<td>9</td>
</tr>
</tbody>
</table>

*Source: Annual Report 2010, Central Bank of Republic of Kosovo (CBK)*

As regards the inter banks payments system, the number and the value of transactions continued to increase, reflecting a growth of the economic activity as well as an increase in the use of bank accounts by individuals and business, which among others, contributes positively to the reduction of the economic informality.

In 2010 the value of total assets managed by commercial banks in Kosovo reached 2.5 billion Euro, which indicates an estimated annual growth of 11.4%. Loans and securities continue to be the key contributors to the overall growth of banking system assets.

The gradual recovery of the global crisis has increased the confidence of commercial banks, which was reflected in a faster increase of loans and at the same time, in a decline of commercial bank’s reserves at the Central Bank of Kosovo.
Lending activity continues to represent the main activity of Kosovo’s banking system. In 2010, lending activity was characterized with a faster growth trend, compared to the previous year. In 2010 the total banking sector loans amounted at 1.46 billion Euro, performing an annual increase of 13.2% compared to the increase of 8.9% in 2009.

The following Table no 6, represents the structure of financial institutions operating, covering years 2007-2010:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Fin. auxiliaries and microfinancial inst.</td>
<td>46</td>
<td>45</td>
<td>46</td>
<td>49</td>
</tr>
</tbody>
</table>


Here below is presented the Graph no 6, summarizing financial results and profitability ratios for the Kosovo banking system.

Source: Report of the Central Bank of Kosovo 2011

Loans and Deposits

Deposits and loans, as important components of the banking system, recorded a growth rate of 11% and 13.2%, respectively.

Loans. The growth rate of loans in 2010 was higher than in year 2009, whereas deposits increased at a lower Growth rate.
As described at the Graph no 7, in 2010 loans extended to the domestic economy amounted 1.46 billion Euro, which consisted an annual growth of 13.2% compared to the growth rate of 8.9% in year 2009.
The structure of loans during 2010 was dominated by loans issued to enterprises, estimated at 70.5% of total loans. In addition, through the Graph no 8 it is shown that the household loans to the total banking system loans reached at 29.5% compared to 26.7% in 2009. This phenomena, is mainly attributed to the fact that loans to enterprises incurred a more significant reduction of the growth rate, while at the other hand the growth rate of loans to households, despite the slowdown, was more approximate to the previous periods.

**Deposits.** Over 2010, Kosovo banking system experienced the largest share of deposits mainly delivered to household section (1.3 billion Euro) followed by enterprises deposits (526.6 million Euro). The annual growth of household and enterprise deposits in 2010 was respectively 25% and 14%, both higher than in the previous year. The structure of 76% of total enterprise deposits was dominated by private enterprises.
Regarding the government deposits, by approaching continuous withdrawal during 2010 led to a decline in value of these deposits to 11.7 million Euro compared to the value of 164.9 million Euro in 2009.

Structure of deposits by sectors in percentage during 2007-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Other</th>
<th>Households</th>
<th>Private enterprises</th>
<th>Public enterprises</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Central Bank of Republic of Kosovo, perpara (CBK 2011)

Other financial institutions

Insurance Companies

In overall, in 2010, the insurance industry marked a reduction of tariffs for border insurance policies and an increase of the claims reimbursement level. The Table no 7 as below, describes some dynamics of insurance company’s activities, operating during 2010 in Kosovo:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Insurance Companies</td>
<td>11</td>
</tr>
<tr>
<td>Composition of Assets</td>
<td></td>
</tr>
<tr>
<td>foreign owned</td>
<td>77.40%</td>
</tr>
<tr>
<td>domestically owned</td>
<td>22.60%</td>
</tr>
<tr>
<td>Activity</td>
<td></td>
</tr>
<tr>
<td>non-life insurance services</td>
<td>10</td>
</tr>
<tr>
<td>life insurance service</td>
<td>1</td>
</tr>
</tbody>
</table>
Ownership structure

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>foreign own</td>
<td>8</td>
</tr>
<tr>
<td>domestic owned</td>
<td>3</td>
</tr>
</tbody>
</table>

Total asset in mln euro | 97.2
Annual growth rate of total assets | 9.30%

Net profit of insurance companies in 2010 was 1.5 million Euro, compared to the net loss 4.9 million euro in 2009. The ROAA (Return on Average Assets) reached at 1.6% in 2010 from a negative ratio of -5.7% in 2009, meanwhile ROAE reached at 3.9% from -12.5% in 2009.

The number of the insurance policies issued by insurance companies operating in Kosovo, in 2010 reached at 540,700 which represent an annual increase of 5.7%. The premiums received increased by 5.1%, reaching the amount of 71.3 million Euro in the end of 2010. However the growth rate of the value of the received premiums was lower in 2010 compared to the growth rate of 2009, where the annually growth rate was 20.0%.

As part of their main activity, insurance companies in Kosovo are mainly focused on issuing of Third Party Liability (TPL) insurance policies, which in 2010 generated the largest share of the received premiums (57% of total premiums).

Insurance Companies Activities expressed in years 2007-2010

Graph no 10

Pension Funds and Other Financial Intermediaries

Kosovo pension system assets in 2010 reached at the level of 493.7 million Euro, recording an annual growth rate of 29.6%. The performance of pension system in 2010 has improved, compared to the previous year. this is because the share price of Kosovo Pension Savings Trust (KPST) recorded an annual growth rate of 6.2%.
From the total of 488.5 million Euro of KPST assets, 6.2% have been deposited in the CBK, the rest of assets is invested abroad.

The number of Microfinance Institutions (MFI) operating in Kosovo in the end of 2010 was 13 and the number of non-banking institutions was 8.

The number of loans issued by these institutions in the end of 2010 reached at 62,683, which represents an annual growth rate of 9%. In 2010, the value of loan portfolio issued by MFI reached at 116 million Euro, marking an annual growth rate of 6.5%.

Financial auxiliaries in Kosovo are composed of Exchange Bureau and Money Transfer Agencies (MTA). The amount of transfers through MTA during 2010 reached at 231.8 million Euro, which is an increase of 2.1% compared to year 2009.

Transfers through MTA represents 4.2% of total international transfers, the largest part of international transfers is realized through commercial banks (around 78% of total transfers).

**Trade**

Kosovo economy continues to increase its trade activity. The increase of exports during 2010 resulted in a higher coverage ratio of imports by exports, which reached at 13.7%, compared to 8.5% in the same period of the previous year.

Kosovo imports during 2010 recorded an annual growth of 10.8%, reaching the amount of 2.1 billion Euro. Although the increase of prices during 2010 was mainly of global character, Kosovo’s economy faced a higher level of inflation compared to the average of EU and CEFTA countries.

Kosovo exports in 2009 were characterized by significant decline driven mainly by the global crisis which had a considerable negative effect on the sales of base metals industry, namely nickel minerals.

The recovery of the world economy in 2010 resulted in a stronger external demand for base metals. The increase of base metal price during 2010 had a positive impact on the production level and led to the increase of the volume and amount of sales. Kosovo’s exports in 2010 recorded an annual growth 77.8% reaching the value of Euro 294.0 million.
EU RENEWS TRADE PREFERENCES FOR BALKAN COUNTRIES

Exporters can claim compensation for EU trade duties they paid in 2011, under a new agreement. Also in business news: Turkey green lighted the South Stream pipeline construction and Kosovo saw larger-than-expected economic growth in 2011. The preferences will allow duty-free access of products from the region to the bloc. The EU decided on December 30th, 2011, to renew trade preferences for Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Kosovo until 2015.

The preferences, which expired at the end of December 2010, will allow duty-free access of nearly all products from the region to the bloc. All exporters will be able to claim compensation for the duties they paid in 2011.

Box 4
Source:http://setimes.com/

The structure of imports in 2010 was similar to previous year. Differently from the last year when imports of mineral products recorded an annual decline of 12.5%, the import of mineral products in 2010 recorded an annual growth of 26.5%. The share of mineral products to total imports in 2010 increased to 19.5%. The import of machinery and equipment products also recorded an annual growth of 3.4% in 2010, its share to total imports decreased to 13.4% (14.4% in 2009). Base metals and food products remain important categories of Kosovo imports, and their share of total imports in 2010 was 8.9% and 12.2%, respectively.

The structure of exports in 2010 was dominated by base metals, with share of 63.0% of total exports, compared to 53.5% in 2009. The recovery of external demand and the increase of prices in the metal industry in international markets had a positive impact in the significant growth of base metals exports, which in the end of year 2010 reached 185.2 million Euro (88.4 million Euro in 2009).

The increase of exports in 2010 was also due to the growth by 55.3% of mineral products exports, which represented 13.2% of total exports. Machinery and equipment exports represents 3.6% of total exports, unlike last year, when machinery and equipment export recorded an annual growth of 48.8%.
Main categories of the structure of imports, in percentages


Main categories of the structure of exports, in percentages


Geography of Trade in 2010

The structure of Kosovo’s trading partners in 2010 was similar to the previous year. In 2010 Kosovo realized around 74.7% of total trade with the EU countries and with CEFTA (Central European Free Trade Agreement) countries.

The recovery of the demand in EU countries, made Kosovo exports to these countries recorded a higher growth compared to export to the region countries. Considering that the geography of trade exchange with Kosovo mainly belongs to the countries of European Union, the Graphs 13 and 14 listed below intent to give an idea of this trade exchange volume by product grouping, during years 2006-2010.
Furthermore, a specific cross analysis is presented in Graph no 15. It can be easily evaluated that the exports of EU countries to Kosovo, have the highest volume compared to the volume of imports, ranking at the first place exports of machineries and transport equipment both achieving a total of 206 million euro, followed by imports of iron and steel at the levels of 78 million Euro (year analyzed: 2010).
Kosovo’s exports towards EU reached at 131.5 million Euro in 2010, which represents an annual growth of 84.4%. Consequently, the share of Kosovo’s exports to EU increased to 44.7%, compared to 43.1% in the previous year.

The noncompliance with CEFTA agreement for political reasons by Serbia and Bosnia & Herzegovina continued to obstruct Kosovo’s exports to these countries also during 2010. In addition to the problems related to the implementation of the CEFTA agreement, as of end 2010, also Kosovo’s status as a favored country for trade with EU has expired, thus presenting another obstacle for Kosovo’s firms to penetrate the external markets.

The distribution of Kosovo’s exports among CEFTA member countries in 2010 was similar to the previous year, while the share of exports to CEFTA countries in the overall amount of Kosovo’s exports decreased 24.1% in 2010 from 32.4% in 2009.

Among the regional countries, the largest share of Kosovo’s products continues to be exported in Albania and Macedonia (11.0% and 8.9 % of total exports, respectively). It is worthy to mention that despite obstructions imposed by Serbia and Bosnia and Herzegovina, exports to these two countries marked a slight increase in 2010. During this year, exports to Bosnia and Herzegovina reached at 1.9 million Euro (1.2 million Euro in 2009), whereas exports to Serbia reached at 3.8 million Euro (3.5 million Euro in 2009).

EU and CEFTA countries represent the main trading partners for Kosovo also in terms of imports. Until December 2010, around 38.3% of total goods imported by Kosovo came from the EU member states.

The largest share of imports comes from Germany (12.8% of total imports) and Greece (4.7% of total imports). Among the CEFTA countries, most of the imported goods come from Macedonia and Serbia, with a share of 14.7 and 12.1% in total imports, respectively.

The account of trade in services had a positive in 2010, but differently from the previous years, the balance of this account recorded a significant decline. In 2010, the balance of trade in services amounted at 37.1 million Euro, compared to 120.8 million Euro in the previous year.

Chapter 3

Business Sector Opportunities for Investments

Energy and Mining

Kosovo has an enviable endowment of natural resources. At 14.7 million tons, Kosovo possesses the world’s fifth-largest proven reserves of lignite. This mineral is of outstanding importance for the country, representing in the long term one of the most crucial factors for the generation of power. Furthermore, at an exploitation cost of 1.1 Euro/GJ of energy, Kosovo’s coal definitely represents the best value for business in the region.

Taking into consideration the high market demand for energy in the region, the Government of Kosovo is currently developing major projects regarding new lignite exploitation and power generation facilities. These projects offer unique opportunities for companies willing to engage in the energy or mining sectors in the region.

Only 1.6-2 % is yet exploited - for domestic consumption only and through the heating of steam. The coal is primarily used for the production of electric energy. However, due to war damages, lack for maintenance investments and the deployment of old a production method the total production has been reduced year after year and is currently only 17 % of what it was in 19785.

The lignite reserves can be exploited in surface mines, thus providing a very cheap source of energy for thermo-electric power plants.

Current energy production from coal is part of a monopoly called “Kosovo Energy Company” (KEK) which operates two plants, Kosovo A (with 5 units) and Kosovo B (with 2 units). A third plant, Kosovo C is being planned to be operating within next years, however there is no specific date in this regard.

Production costs as seen in relation to contained energy are among the lowest in Europe. Seen in relation to energy contents the cost of exploring these resources has been calculated to 0,62 €/GJ in Kosovo compared to 0,88 €/GJ in Bulgaria and 1,34 €/GJ in Serbia or Montenegro6.

Furthermore, Kosovo is well endowed with deposits of lead and zinc. Located in the eastern part of the territory, these deposits are sufficient to make of Kosovo a significant supplier of zinc in the regional markets. Kosovo could not only develop markets for raw

5 http://nipak-ks.org/energy_mining.php. IPAK
6 Ibid 1
zinc, but also for more value-added zinc products. The ferronickel and magnesium reserves are also significant in Kosovo, offering opportunities for international investors.

In addition to coal Kosovo has very large assets of ore for precious metals and one of the largest in former Yugoslavia. The ore is primarily located in three districts complexes, i.e. the Trepca Complex, the Ferronikeli Complex and the Klina districts.

In the Trepca Complex district for instance, there are five different mines containing large deposits of lead, zinc and silver. These mines have are very old and ore mining has occurred in the area since the days of the Illyrian, i.e. before the Roman Empire expanded into the area. And now, current deposits at Trepca have been calculated to be 425,000 tons of contained lead, 415,000 tons of contained zinc and 800 tons of silver. These underground mines are spread across the geological Vardar Zone of the north and east of Kosovo. This linear belt of volcanic and sedimentary rocks has been broken by geological faults and the metals.

Kosovo has considerable deposits of indium, cadmium, germanium, Thallium and Gallium, i.e. precious metals that are primarily used in the IT & semiconductor industry applications. Indium for instance is crucial for flat panel screens.

**Favorable Agriculture Potentials**

**Tradition and Agribusiness**

With some 60% of the population living in rural areas and mostly working in agriculture, Kosovo has a long agricultural tradition. Agriculture is the main source of income for the majority of the population. The agribusiness and food processing sector is traditionally one of the strongest sectors in Kosovo’s economy. Historically, there has been a low reliance on artificial inputs at source, embellishing the integrity of the production. Out of a total surface area of 1.1 million hectares approximately 588,000 or slightly more than half is agricultural land with fertile, nutrient-rich soils. About 90% of agricultural land is dedicated to livestock activities such as pastures, meadows, forage crops and some fodder crops for animals. The remaining area is used for grain for human consumption, vineyards, potatoes, fruit and vegetables.

The bulk of agriculture consists of subsistence farming in family farms of less than 3 hectares on average. Less than 1% of the farms have more than 10 hectares of land. Agriculture is the largest employment sector in Kosovo, providing jobs for approximately 16.5% of the population, primarily on an informal basis.

In the past, the agricultural production contributed approximately 25% of Kosovo’s GDP and was the main source of income for the majority of the population. This sector is still one of the most important employment providers in Kosovo and it accounted for 18% of the value of exports. Kosovo provides opportunities for investment not only in primary production but also in modern post harvest handling facilities, cold storage distribution.

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7 Recent report from the Independent Commission for Mines and Minerals (ICMM)
8 Recent report from the Independent Commission for Mines and Minerals (ICMM)
9 [http://www.state.gov/r/pa/ei/bgn/100931.htm](http://www.state.gov/r/pa/ei/bgn/100931.htm)
centers and logistics centers. Modern and efficient processing facilities could be brought closer to the inputs thus providing economies of scale and higher value added products that could compete effectively with the products that Kosovo is currently importing, especially in dairy products, fruit and vegetables, meat products, wine production and other beverages.

In comparison to other countries, Kosovo additionally offers a very flexible and cost effective labour force and, due to trade liberalization within the CEFTA region, free access to the regional market consisting of 30 million consumers. In addition, Kosovo enjoys a preferential market access to the EU and US markets, with only few products exempted from this preferential treatment\textsuperscript{11} \textsuperscript{12}.

Foreign Investments

According to the 2010 EU report of progress on Kosovo, foreign direct investment increased in 2010 (amount received reached at 311.2 million Euro) compared to its level in 2009 (amount received 291.4 million Euro), that was a year affected by the global economic crisis.

To date over 2000 companies of foreign or mixed ownership have already successfully invested in Kosovo. There is a significant number of foreign investors operating successfully and profitably in Kosovo such as Telekom Slovenia (Slovenia), Raiffeisen (Austria), Uniq, Vienna Insurance Group, Xella, BNP Paribas, Holcim, Nova Ljubljanska Banka, Strabag, Kelag, Bechtel, Enka etc.

Kosovo has taken significant measures to protect foreign investors by adopting the Law on Foreign Investment which grants foreign and domestic investors equal rights to ownership of local companies, following the principle of national treatment. According to the Law on Foreign Investment of Kosovo, foreign investors have the same rights and obligations as residents of Kosovo and are treated equally. It ensures “foreign investors that they and their investments will be protected and treated with fairness and respect in strict accordance with the rule of law and widely accepted international standards and practice” (Law No. 02/L-33).

Having introduced the Euro as its official currency, Kosovo offers to foreign investors a stable macroeconomic environment. The use of Euro in Kosovo has resulted in low inflation rates, in elimination of exchange rate risk and monetary policy risk. The simple tax system and low-rates are other factors that make Kosovo an attractive country to invest. Kosovo’s VAT stands at 16% on all goods and services and at 0% on agricultural, capital and intermediary goods.

Privatization

The process of privatization in Kosovo is being administered by the Privatization Agency of Kosovo (PAK). PAK is established as the successor of the Kosovo Trust Agency regulated by UNMIK Regulation 2002/12 “On the establishment of the Kosovo Trust Agency”, as amended.

\textsuperscript{11} International Business and Diplomatic Exchange
\textsuperscript{12} www.invest-ks.org/
PAK is an independent public body that carries out its functions and responsibilities with full autonomy, based on the Law No. 04/L034.

PAK is aiming to preserve and enhance the value, viability, and corporate governance of socially owned (SOE) and public enterprises (POE) in Kosovo.

The main objective of PAK is to privatize SOE’s and administer POE’s. The process of privatization is being implemented through the method of spin-off and voluntary liquidation.

*Industrial Parks, an innovative investment opportunity!*

The industrial parks project represents a unique opportunity for investors to establish and expand their business in Kosovo. The concept of industrial parks is relatively simple:

- Providing high quality facilities and infrastructure at a competitive market price, from which businesses can operate effectively and efficiently.

Government of the Republic of Kosovo is on the way to better define this initiative, through a necessary integrated and dedicated infrastructure for new businesses to benefit from.

("Launch of industrial park of Drenas- area of 24 hectares, expected local and foreign business to be placed: 72. Three sizes of plots are available, 1000m2, 3000m2 and 6000m2")

*Box 5*

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**Location Advantage**

Kosovo is located amidst a potential market in South-East Europe of 100 million people. It is well connected to regional centers via road, rail, and air communications, and linked to the regional centers via 16 roads that pass through Kosovo.

Major transport connections have been rebuilt and will be upgraded in the near future. After completion of planned road constructions, Kosovo will have easy access to the ports of Durres in Albania and Thessaloniki in Greece.

*Distance to the main destination of Kosovo through road transport*

<table>
<thead>
<tr>
<th>REGIONAL CENTRE</th>
<th>TRAVELLING DISTANCE FROM PRISTINA (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skopje</td>
<td>86</td>
</tr>
<tr>
<td>Thessalonica (port city)</td>
<td>312</td>
</tr>
</tbody>
</table>

*Table no 7*
<table>
<thead>
<tr>
<th>City</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tirana</td>
<td>330</td>
</tr>
<tr>
<td>Belgrade</td>
<td>355</td>
</tr>
<tr>
<td>Durres (port city)</td>
<td>355</td>
</tr>
<tr>
<td>Sarajevo</td>
<td>390</td>
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<tr>
<td>Bar (port city)</td>
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<td>Zagreb</td>
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<td>Budapest</td>
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<tr>
<td>Sofia</td>
<td>279</td>
</tr>
</tbody>
</table>

Chapter 4

Business Law, Accounting and Audit Requirements

Types of Business Entities

According to Law No.02/L-123 “On Business Organizations” published on Official Gazette on 01.10.2007 as amended with the Law No.04/L-006 on Amending and Supplementing the Law No.02/L-123 on Business Organizations (“Basic Law”) which was published on 22.07.2011 in the Official Gazette, the business entities that may be registered with the Kosovo Registry of Business Organizations and Trade Names (the “Registry”) are the following:

- Individual Business – Biznes Individual
- General Partnership – Ortakeri e Pergjitheshme
- Limited Partnership – Shoqeri komandite
- Limited Liability Company – Shoqeri me pergjeqjesi te kufizuar
- Joint Stock Company – Shoqeri aksionare

Apart from the above forms of establishment, foreign business organizations may also conduct business in Kosovo through a branch office, upon registration with the Registry. The branch office is not a separate legal entity, consequently, rights and obligations pertaining to the branch office shall be deemed to pertain to the parent company. To establish a branch in Kosovo, the foreign business organization through its duly authorized persons, should sign and submit a standard application form, a “foreign business organization memorandum” containing information and details about the organization, capital structure and scope of activity of the parent company and/or of the branch, the registration certificate of the parent company in country of origin and the charter of the parent company.

In case the foreign company seeks to conduct business in Kosovo through a wholly owned subsidiary (instead of a branch) a new company incorporated under the provision of the Kosovo legislation should be established.

A foreign business organization shall not be required to register at the Registry if it is engaged exclusively in exporting to Kosovo from abroad products or services which are imported in Kosovo by purchasers or potential purchasers established or residing in Kosovo.

Below are types of organization of business available under current Kosovo company legislation.
**Individual Business**

A natural person, who is not an agent or an employee of another business organization, is engaged in commerce. A natural person acting as a personal business enterprise whether registered or not, shall have unlimited personal liability and will be held liable for all debts incurred in the course of his acting as such to the full extent of his sizeable assets. A personal business enterprise for the purpose of conducting an economic activity may choose to register or not with the Registry. To register a personal business enterprise the owner shall sign and submit to the Registry a standard form containing information and details about organization and purpose of such business. If the registered agent is not the owner, the later should attach the written consent of the registered agent to serve in such capacity.

**General Partnership**

A business organization that exists as a result of an association of two or more persons and/or companies for the purpose of engaging in commerce. The persons who form such partnership are considered as general partners. Partners are jointly and severally liable for the debts and other obligations incurred by the general partnership to full extent of their assets. A general partnership may come to existence either upon registration or upon conducting the activity in Kosovo without completion of such registration with the Registry.

To register a general partnership, a general partner or an authorized person shall sign and submit to the Registry a standard application form and a “general partnership memorandum” containing information and details about the organization and purpose of the partnership and must attach to the memorandum the written consent of the registered agent to serve in such capacity.

**Limited Partnership**

Consist of at least one general/unlimited partner, and at least one limited partner. The general/unlimited partner(s) is (are) liable without limitation for the debts of the limited partnership. The limited partner(s) is (are) liable only to the extent of its (their) contribution(s) to the limited partnership.

A limited partnership shall come to existence only upon registration with the Registry. To register a limited partnership, a general partner or an authorized person shall sign and submit to the Registry a standard application form and a “limited partnership memorandum” containing information and details about the organization and purpose of the partnership, copy of the company’s regulation, and a written consent of the registered agent to serve in such capacity.

**Limited Liability Companies**

A corporation which shares are distributed only to its founders or to the pre-determined persons. A limited liability company can not conduct a public offering of its shares, and the number of shareholders cannot exceed fifty (50).

A limited liability company may come to existence only upon registration to the Registry.
To register a limited liability company a founder shall sign and submit to the Registry a standard application form, the charter of the company, copy of the company’s agreement and the written consent of the registered agent to serve in such capacity.

**Joint Stock Companies**

A corporation which shares may be transferred by the owner(s) without the approval of other shareholders or the company. A joint-stock company may have any number and categories of shareholders. It may conduct a public offering of its shares pursuant to such conditions as the law may require. The minimum capital required to establish a joint stock company is Euro 10,000.

A joint stock company shall come to existence only upon registration to the Registry. To establish and register a joint stock company the founder shall sign and submit to the Registry a standard application form, the charter, company’s regulation and a written consent of the registered agent to serve in such capacity.

Both Limited Liability Companies and Joint Stock Companies, namely Corporations are governed by General Assembly of Shareholders, Board of Directors and Officers. Limited Liability Companies with less than 20 shareholders may choose not to have a Board of Directors. In this case powers of this Board shall be exercised by the General Assembly of Shareholders.

**Accounting Regulations**

Parliament of Kosovo has recently approved Law no. 04/L-014, dated 10.09.2011 “On Accounting, Financial Reporting and Audit” (the “Accounting Law”).

The Accounting Law governs the accounting and financial reporting requirements of business entities in Kosovo, audit requirements, qualifications for professional accountants, licensing of individual auditors and audit firms, as well as the competences and responsibilities of Kosovo Financial Reporting Council (“KFRC”).

It is worth noting that as of December 2011, KFRC has not issued sub-legal act as stipulated in the Law, jeopardizing the implementation of the law.

As per Accounting Law, the companies are classified in four groups:

1. Large companies which fulfill two out of three of the following criteria:
   
   (i) net annual turnover is higher than four million Euro
   
   (ii) gross assets in the balance sheet are higher than two million Euro
   
   (iii) average number of employees during the financial year is higher than fifty (50).

2. Medium companies which fulfill two out of three of the following criteria:

   (i) net annual turnover is higher than two million Euro but less than four million Euro
(ii) gross assets in the balance sheet are higher than one million Euro and less than two million Euro

(iii) average number of employees during the financial year is higher than ten (10) but smaller than fifty (50).

3. Small companies who fulfill two out of three of the following criteria:

(i) net annual turnover is higher than fifty thousand Euro but less than two million Euro

(ii) gross assets in the balance sheet are higher than twenty thousand Euro and less than one million Euro

(iii) average number of employees during the financial year is up to ten (10).

4. Micro enterprises which are those having the annual turnover, value of assets, and average number of employees lower than the threshold prescribed below:

(i) net annual turnover is less than fifty thousand Euro

(ii) gross assets in the balance sheet are less than twenty five thousand Euro

(iii) average number of employees during the financial year is smaller than ten (10).

Large, medium and small business entities (except for micro enterprises) shall prepare the general purpose financial statements in accordance with IFRS issued from International Accounting and Assurance Standard Board (“IAASB”) and approved by KFRC. Consolidated financial statements shall be prepared in accordance with EU Directive 78/660/EEC and IFRS.

The criteria for accounting and reporting requirements, applicable to micro enterprises, will be determined by KFRC, which as of December 2011 were pending. The companies, irrespective from their size, are obliged to maintain the accounting books in accordance with the following time limits:

• payrolls to be maintained permanently
• financial statements and supporting books to be maintained up to ten years
• accounting documents through which the records are performed should be stored at least six years
• the same terms also apply to electronic and printout documents.

The accounting books consist of:

• journal
• general ledger and
• supporting books.

Accounting records should be maintained in the official languages of the Republic of Kosovo and in Euro currency. Large and medium enterprises may keep the accounting
records in English language, to the extent that the financial statements are translated into the official languages of the Republic of Kosovo.

Business entities should verify, at least once a year, the existence and evaluation of assets, liabilities, and capital through the inventory process of these items supported with proper evidence.

Management of the business entity should sign the financial statements and will be responsible for their fairness.

Annual Financial Statements shall contain the following documents:

- balance sheet
- statement of revenues
- statement of capital changes (equity)
- statement of cash flow
- notes to the financial statements.

The structure and content of the annual financial statements shall be regulated by a sub-legal act issued by the Minister of Finance, upon the proposal of KFRC.

**Filing requirements**

The general purposes financial statement of the business entities shall be filed with KFRC and a copy to Ministry of Trade and Industry (MTI), not later than 30 April (30 June for consolidated financial statements) of the following year. Stand alone financial statements should be filed to tax authorities before or on 31 March of the following year.

**Audit Requirements**

The statutory audits in Kosovo shall be carried out in accordance with the International Standards Auditing ("ISA") and related interpretations, guidance and pronouncements of IAASB.

The Accounting Law provides the following audit requirements:

- the financial statements of large business entities shall be audited by auditing firms
- the financial statements of medium business entities shall be audited by auditing firms or individual auditors
- small business entities are not required to carry out the audit of the statutory financial statements.
Chapter 5
Taxation of Businesses

General

The tax system includes personal income tax, corporate income tax, value added tax (VAT) and excise tax. The fiscal year is the calendar year.

The process of establishing the tax legislation in Kosovo started in April 2000 with the introduction of Regulation “On Tax Administration and Procedures”. This Regulation was followed by the introduction of Presumptive Tax in May 2002. VAT was firstly set up in May 2001 and personal income tax in February 2002. A modern system of collection of corporate income tax, personal income tax and withholding tax on dividends, interest, and payments for determined services was introduced by the end of 2004, which has been subject to subsequent amendments.

Residency

A person is considered resident in Kosovo for tax purposes when its place of establishment or place of effective management is in Kosovo.

Corporate Income Tax

Corporate Income Tax is governed by Law no. 03/L-162, dated 29.12.2009 “On Corporate Income Tax” (“Corporate Income Tax Law”).

Companies conducting business in Kosovo are subject to corporate income tax at a rate of 10 %. Previously, the corporate income tax rate was levied at 20%.

Taxpayers (except for insurance companies) with annual gross income up to 50,000 Euro (VAT threshold) may choose between payment of the tax on gross income or corporate income tax. The rates of the tax on gross income are:

(i) three percent (3%) of income resulting from activities of trade, transport, agricultural and similar commercial activities

(ii) five percent (5%) of income resulting from provision of services, professional/vocational activities, entertainment and similar activities

(iii) ten percent (10%) of net rent income (gross rent income less 10% allowance as provided by the legislation), reduced by any amount withheld at source.
Taxable profit

The determination of the taxable base starts with the profit shown in the profit and loss account. The profit calculation is made according to the accounting legislation and the tax provisions.

Corporate Income Tax Law provides for a list of expenses that are non-deductible for tax purposes, consisting of:

- cost of acquisition and improvement of land (capitalized)
- cost of acquisition, improvement, renewal and reconstruction of assets that are depreciated or amortized
- fines and penalties
- income tax paid or accrued for the current or previous tax period and any interest or late penalty incurred for late payment of it
- any loss from the sale or exchange of property between related persons
- pension contributions above the maximum amount allowed by the Kosovo Pension Law
- training expenses above 1,000 Euro per employee in any tax period
- bad debts that do not meet the following cumulative conditions: (i) the amount that corresponds to the debt has previously been included as income, (ii) the debt is written off from the taxpayer’s books, (iii) the existence of the debt is undisputed, (iv) there is adequate evidence of substantial unsuccessful attempts made by the taxpayer to collect the debt and (v) the debt was due at least six months before the day when it is recognized as a bad debt
- deductible and/or reimbursable value added tax
- contributions made for humanitarian, health, education, religious, scientific, cultural, environmental protection and sports purposes, which exceed five percent (5%) of taxable income (before the deduction of such expenses)
- representation costs exceeding two percent (2%) of total gross income (provided that only 50% of the amount paid for business entertainment is allowed).

Depreciation

The owner of the asset is entitled to depreciation allowances. In case of financial lease, depreciation may be claimed by the lessee, being the person who bears the risk of the loss or destruction of the asset.

For fiscal purposes, assets are grouped in three categories and the depreciation rates are applied, using the straight-line method, on the historical value of each category at the end of the tax period.
Category 1- Buildings and other construction structures are depreciated at 5% rate.

Category 2- Automobiles and light trucks, heavy transport vehicles, other heavy vehicles, computers and similar office furniture, and equipment are depreciated at 20% rate.

Category 3- Plant and machinery, rolling stock and locomotives used for rail transport, airplanes, ships and all other tangible assets are depreciated at 10% rate.

Purchase of an asset for a price of 1,000 Euro or less shall be allowed as a current expense.

Tangible assets with a purchase price of more than 1,000 Euro and less than 3,000 Euro purchased after January 1, 2010, should be placed in a single asset pool account and depreciated at a rate of 20% irrespective of the category of assets under which they would be classified.

Tangible assets that were purchased and depreciated under the pooling method prior to January 1, 2010 should continue to be depreciated under the same method and rate until the value of the pool equals to zero.

Expenditures on intangible assets that have a limited useful life are deductible in the form of amortization charges. The method of amortization must be the straight-line method and the allowance should be based on the useful life of the asset as determined by the agreement governing the acquisition and use of the intangible asset.

Depreciation allowances are not granted on land, works of art and other property, which is not subject to wear.

Reserves and Provisions

In general, reserves are not allowable deductions for tax purposes, except for the reserves and provisions of financial institutions licensed by the Central Bank of Kosovo. Insurance companies do not benefit this allowance.

Incentives

Special Allowance for New Assets

If a taxpayer purchases any asset belonging to Category 3 (mentioned above on section “Depreciation”) for the purpose of its business activity between January 1, 2010 and December 31, 2012, a special deduction of ten percent (10%) of the cost of acquisition of the asset is allowed in the year in which the asset has been first put in operation. This deduction is in addition to the normal depreciation deduction.

The deduction must be allowed only if the asset is new or is put into service in Kosovo for the first time.

Losses

Losses may be carried forward for seven consecutive years. In case of change of the type of business organization or its ownership with more than 50% the carry forward of losses will no longer be applicable.
Foreign Tax Credit

Income taxes paid abroad by Kosovo residents are deductible from tax amounts due in Kosovo in accordance with the provisions of Corporate Income Tax Law.

Special Treatment of Insurance Companies

Companies, whose principal activity is the insurance or reinsurance of life, property, or other risks, pay the tax at five percent (5%) rate of the gross premiums accrued during the tax period, instead of the corporate income tax.

Withholding Tax

Interest and Royalties

- Interest and royalties are subject to a final withholding tax at 10% rate.

Rent

- Rent payments are subject to withholding tax at 9% rate.

Other Withholdings

- Winnings in lottery or gambling are subjects to withholding tax at the rate of 10% on gross amount of the payment
- Income generated by an artist or sportsman, from his/her personal activities performed in Kosovo are subject to withholding tax at the rate of 5% of the gross payment
- Income generated from a non-resident person/entity for services rendered in Kosovo are subject to withholding tax by the payer of that income at the rate of 5% of the gross payment (considering that the non-resident person/entity has no permanent establishment in Kosovo and the gross payment made to the non-resident is more than 5,000 Euro in any tax period).

Transfer Price

Tax authorities have the right to make adjustments to profit arising from a transaction between related parties if the parties have concluded the transaction under conditions, which differ from those of a similar transaction between unrelated parties. To this end, tax authorities might use the comparable uncontrolled price method and, when this is not possible, the resale price method or the cost-plus method.

Double Taxation Avoidance Treaties

Kosovo authorities have not officially abolished the tax treaties signed by the former Federal Republic of Yugoslavia. However, in practice they do not recognize them as applicable.
Kosovo has entered into a treaty “On Avoidance of Double Taxation with Respect to Taxes on Income and on Capital” with the Republic of Albania, which is effective from January 1, 2006. No other tax treaties are currently signed.

**Indirect Taxes**

**VAT Law in Kosovo**

Parliament of Kosovo has approved a new law “On Value Added Tax” (no. 03/L-146, dated 29.12.2009), purposed to be in line with the European VAT Directive. This Law has entered in force from July 1, 2010.

Under VAT Law, a taxable person is any person who is, or is required to be registered for VAT, and who, carries out in Kosovo, independently, any economic activity in a regular or non-regular manner, whatever the purpose or results of that economic activity is.

Every taxable person is required to be registered for VAT from the moment when total supplies in the previous twelve month period, exceed the threshold of 50,000 Euro.

Foreign entities and persons that operate in the import/export sector are subject to VAT registration, from the beginning of their economic activity in Kosovo, regardless of the VAT threshold.

Tax authorities issue a VAT registration certificate to the taxable person which has to be displayed at each place of business activity. A taxable person conducting the same or different economic activities and who has several places of economic activity within Kosovo, is identified by one individual and unique VAT registration number.

Taxable transactions include the supply of goods and services in Kosovo by a taxable person, as well as the importation of goods to Kosovo.

The taxable amount is the value of the goods and services supplied, excluding VAT. The taxable amount of imported goods includes transportation and insurance costs, import costs and any applicable taxes, duties or tariffs.

A taxable person shall submit a tax declaration and remit the related payment not later than the 20th of the calendar month following the end of each tax period. The period for storage of books and all VAT records is at least 6 years.

**VAT rate**

The standard rate of VAT is 16%. However, the Minister of Economy and Finance may, upon the decision of the Government of Kosovo and after the approval of the Parliament, issue the instructions on the application of a VAT rate different from 16% for specific supplies of goods and services. These rates can be not lower than 5% and not higher than 21%.
VAT exemptions

Besides several public services the following activities are VAT exempted:

- Insurance and reinsurance transactions, including related services performed by insurance brokers and insurance agents
- The granting and negotiation of credit and the management of credit by the person granting it
- The negotiation of or any dealings in credit guarantees or any other security for money and the management of credit guarantees by the person who is granting the credit
- Transactions, including negotiation, concerning deposit, current accounts, payments, transfers, debts, cheques and other negotiable instruments, but excluding debt collection
- Transactions, including negotiation, concerning currency, bank notes and coins used as legal tender, with the exception of collectors’ items, that is to say, gold, silver or other metal coins or bank notes which are not normally used as legal tender or coins of numismatic interest
- Transactions, including negotiation but not management or safekeeping, in shares, interests in companies or associations, debentures and other securities, but excluding documents establishing title to goods, and the rights or securities.
- The management of special investment funds as defined by the competent Authorities of Kosovo
- The supply at face value of postage stamps valid for use for postal services within Kosovo, fiscal stamps and other similar stamps
- Betting, lotteries and other forms of gambling, subject to the conditions and limitations laid down by the competent Authorities of Kosovo
- The supply of land or land on which a building or house stands
- The supply of houses, apartments or other accommodation used for a relevant residential purpose
- The leasing or letting of immovable property.

VAT exemption on importation

- The release of goods for free circulation, if the supply of such goods effected on the territory of Kosovo by a taxable person are in all circumstances exempt from VAT
- The re-importation of goods by the person who exported them, of goods in an unchanged condition in which they were exported, provided that such goods are exempt from customs duties in accordance with Customs legislation
- Imported goods exempt from customs duties and intended for:
  (i) Official use of diplomatic and consular offices and special missions accredited to Kosovo
  (ii) Official use of international organisations, if these are laid down by international treaties or agreements which apply to Kosovo
  (iii) Personal use of the foreign staff of diplomatic and consular special missions accredited to Kosovo, including their family members
  (iv) Personal use of the foreign staff of international organisations, including their family members, if this is laid down by international treaties which apply to Kosovo
(v) Armed Forces of the North Atlantic Treaty Organization and KFOR, for the use of such forces or the foreign civilian staff accompanying them or for the supply of their messes or canteens
(vi) Personal use of the foreign staff of contractors of international organizations or foreign governments and their organizations, including their family members, if this is laid down in bilateral agreements which apply to Kosovo.

- Import of catches of fishing vessels and fishing boats used for the purpose of carrying out a fishing activity into a port, provided that the catch is either unprocessed or subject to only those procedures that are necessary to preserve its quality and that, prior to the importation, no supply was performed in accordance with VAT Law
- Services related to the import of goods, provided that the value of such services is included in the taxable amount in accordance with provisions of VAT Law
- Gold and other precious metals, bank notes and coins imported by the Central Bank of Kosovo
- Import of gas through natural gas distribution systems or import of electricity.

VAT exemption on exportation

- The supply of goods dispatched or transported to a destination outside Kosovo by or on behalf of the vendor
- The supply of goods dispatched or transported to a destination outside Kosovo by or on behalf of a customer not established within the territory of Kosovo, with the exception of goods transported by the customer himself for the equipping, fuelling and provisioning of pleasure boats and private aircraft or any other means of transport for private use
- The supply of goods to bodies recognized by the competent Kosovo Authority which export them out of Kosovo as part of their humanitarian, charitable or teaching activities outside Kosovo
- The supply of services consisting in work on movable property acquired or imported for the purpose of undergoing such work within Kosovo, and dispatched or transported out of Kosovo by the supplier, by the customer if not established within Kosovo or on behalf of either of them
- The supply of services, including transport and ancillary transactions, but excluding the services exempted in accordance with provisions of VAT Law related to certain other activities, where these services are directly connected with the exportation or importation of goods
- Goods to be carried in the personal luggage of travelers under certain conditions are met.

VAT exemptions related to international transport

- The supply of goods for the fuelling and provisioning of vessels used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities, or for rescue or assistance at sea, or for inshore fishing, with the exception, in the case of vessels used for inshore fishing, of ships’ provisions
- The supply of goods for the fuelling and provisioning of fighting ships, falling within the combined nomenclature (CN) code 8906 1000, leaving their territory
and bound for ports or anchorages outside Kosovo

- The supply, modification, repair, maintenance, chartering and hiring of the vessels as provided by VAT Law, and the supply, hiring, repair and maintenance of equipment, including fishing equipment, incorporated or used therein
- The supply of services which meet the direct needs of the vessels or of their cargoes
- The supply of goods for the fuelling and provisioning of aircraft used by airlines operating for consideration chiefly on international routes
- The supply, modification, repair, maintenance, chartering and hiring of the aircraft and the supply, hiring, repair and maintenance of equipment incorporated or used therein.

Special Schemes

VAT law provides special schemes for travel agents, sales by public auction, farmers, for electronically supplied services and for investment in gold.

Transitional period

A transitional period enables the VAT Law in specific fields to be gradually harmonized with the European Union VAT legislation. The transitional period starts on 1 January 2010 and ends on 31 December 2012.

Local Taxes

Tax on real estate

All persons that own, use or occupy immovable property are subject to tax on real estate. The annual tax rates may vary between 0.05% and 1% of the market value of the real estate. The tax is paid in two equal installments on or before 30 June and 31 December of the fiscal year.

Excise Tax

Excise tax is applied to a limited number of goods such as coffee, tobacco, alcoholic drinks, soft drinks, derivatives of petroleum and motor vehicles mainly for transport of persons. For goods produced in Kosovo, the excise tax is calculated on the sale price of goods. For imported goods this tax is calculated on the customs value including the import duty. Excise tax is not applied when goods are exported.

Excise tax is not levied on the following:

- Raw and auxiliary materials having the nature of excisable goods that are imported into Kosovo for being used in the manufacture of goods for export
- Goods to be used exclusively for humanitarian purposes and not in sale to consumers in Kosovo and
- Goods financed from the grants made to UNMIK by governments, governmental agencies, governmental or non-governmental organizations, in support of humanitarian and reconstruction programs and projects in Kosovo.
Excise tax is not payable by the following entities:

- Foreign diplomatic and consular missions
- United Nations or any of its organs including UNMIK, the specialized agencies of the United Nations, KFOR, international inter-governmental organizations and governmental agencies on goods used for official purposes
- Contractors to UNMIK, the specialized agencies of the United Nations and KFOR importing goods to be used exclusively by those contractors in connection with the performance of contracts for UNMIK, the specialized agencies of the United Nations or KFOR and
- Registered non-governmental organizations with public benefit status on the following goods used exclusively by the non-governmental organization to fulfill its public benefit purposes: gasoline, kerosene, diesel, and ethanol.

Customs Duties

Customs duties are charged according to imported goods’ classification in a 6-digit Harmonized System. Major exemptions from payment of the customs duties are applicable for:

- Imports of goods for official use by diplomatic representatives and consular missions
- Imports of goods for official use by the United Nations or any of its organs including UNMIK, the specialized agencies of the United Nations, KFOR, the International Committee of the Red Cross (ICRC) and entitled and duly authorized international organizations operating in Kosovo
- Imports of goods financed from the grants made to UNMIK or through UNMIK, for Ministries, governmental or non-governmental organizations in support of humanitarian and reconstruction programs and projects in Kosovo
- Specific imports of goods to be used exclusively for humanitarian purposes and not in sale for consumers in Kosovo, as defined by the SRSG.

The tariff nomenclature provides for a customs rate of 10 % for all goods imported into Kosovo.
Chapter 6
Taxation of Individuals

General

Under Law no. 03/L-161, dated 29.12.2009 “On Personal Income Tax” while residents pay tax on all taxable income sources, non-residents pay tax only on income generated within the territory of Kosovo. Residents are considered to be persons who stay in Kosovo, in aggregate for a period or periods exceeding 183 days in a fiscal year.

Residency

Individuals having their habitual/principal residence in Kosovo or staying in Kosovo for a period of more than 183 days per year are considered Kosovo tax residents.

Taxable Income

Taxable income for a tax period is the difference between gross income received or accrued during the tax period and the deductions allowable.

Personal income tax is levied on the following categories of income:

- Wages, salaries and other compensation derived from labor relations. These income include basic compensation, overtime compensation, bonuses and any other payment for the performance of employment
- Income from rent
- Income from use of intangible property (copyright, licenses, patents etc.)
- Interest from loans, bank deposits, bonds and other interest bearing securities
- Capital gains including the income from transfer of ownership on real estate (effective from January 1, 2010)
- Lottery and other gambling
- Other income that increases the taxpayer’s net worth (i.e. any other item of income that is not explicitly exempt).

Tax Exempt Income

Wages received for the work performed in Kosovo by foreign diplomatic and consular representatives and foreign personnel of international governmental and non-governmental organizations, donor agencies or their contractors (carrying on humanitarian aid or assistance), UN and International Atomic Energy Agency, authorized international inter-governmental financial institutions operating in Kosovo and KFOR, are exempt from personal income tax.
Additionally, the following income is exempted from personal income tax:

- Compensation for the damage or destruction of property
- Proceeds of life insurance policies payable as the result of the death of the insured person
- Reimbursement or compensation for medical treatment paid during the periods of absence from work due to sickness or injury
- Interest on financial instruments which are issued or guaranteed by a public authority of Kosovo paid to resident or non-resident individuals
- Dividends received by resident and non-resident individuals
- Pensions and social welfare payments paid by the Government
- Assets received, or value of assets received, as a result of inheritance
- Educational expenses paid by an employer on behalf of an employee provided that such expenses are paid directly to an educational institution that is recognized in accordance with the applicable law in Kosovo and provided that the employee will remain employed at the employer for at least 24 months after the termination of the education for which the expenses are paid by the employer
- Scholarships received by an individual to attend an institution of higher learning, trade school, or vocational school, so long as the scholarship is paid directly to the institution and no part of the scholarship is refundable to the student
- Training expenses paid by the employer for the employee, which do not exceed 1,000 Euro in any tax period.

**Personal income tax rates**

*Wages, salaries and other compensation for employees will be taxed as follow in Table no 10.*

<table>
<thead>
<tr>
<th>Threshold (annual compensation in Euro)</th>
<th>Income tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>0  960</td>
<td>0%</td>
</tr>
<tr>
<td>961  3,000</td>
<td>4% of the amount over 960</td>
</tr>
<tr>
<td>3,001  5,400</td>
<td>EUR 81.6 + 8% of the amount over Euro 3,000</td>
</tr>
<tr>
<td>5,401 And over</td>
<td>EUR 273.6 + 10% of the amount over Euro 5,400</td>
</tr>
</tbody>
</table>

Taxpayers are required to prepare an annual tax declaration for personal income tax on or before 31 March of the following year (see Appendix G).

Taxpayers who receive or accrue income only from one or more of the following sources are not required to submit an annual declaration:

- Wages
- Interest
- Rent when the declaration for such income is made on quarterly basis
- Lottery or other gambling
Income from intangible property
Income from gifts.

Pension Contributions

As per Regulation No. 2001/35 “On Pensions” each of the employer and the employee must pay pension contributions at the level of 5% of the gross monthly salary. Kosovo legislation does not require the foreign individuals to pay pension contributions.

Taxes on Individual Business Activities

Individuals who carry on independent businesses activities and are not required to be registered as taxable persons for VAT purposes are subject to the tax on business activity. Such tax is paid quarterly, within 15 April, 15 July, 15 October of the current year and 15 January of the subsequent fiscal year.

For the taxpayers with annual gross income from 5,000 Euro up to 50,000 Euro who are not required to, and do not opt to keep the books and records, the tax amount is:

- three percent (3%) of each quarter’s gross income resulting from activities of trade, transport, agricultural and similar commercial activities, but not less than 37.50 Euro per quarter and

- five percent (5%) of each quarter’s gross income resulting from provision of services, professional/vocational business activities, entertainment and similar activities, but not less than 37.50 Euro per quarter.

Taxpayers with annual gross income of more than 50,000 Euro who keep books and records, are required to pay personal income tax according to rates shown in Table no 10. Expenses incurred during the tax period are deductible from the gross income resulting from business activities.
Chapter 7
Labor Law in Kosovo

General Information

Employment in Kosovo is governed by the Law no. 03/L-212 “On Labor” published in the Official Gazette no. 90 and entered into force on 15.12.2010 (“Kosovo Labor Law”), Regulation No. 2001/25 “On Pension in Kosovo” as amended (“Pension Law”) and any other normative acts issued by the Kosovo legislative bodies in order to regulate different features of the employment area based on the rapid social and economical changes that occur.

Working Conditions

Minimum Age

Eighteen (18) years of age is the minimum age for employment or work. A person between 15 years of age and 18 years of age may only be employed in certain type of works that are not likely to be harmful to employee’s health or development, and in not forbidden by another law or sub legal act. Employment of persons under 15 years of age is prohibited.

Working hours and overtime

The normal weekly working hours should not exceed 40 hours for employees over 18 years of age and 30 hours for employees between 15 years of age and 18 years of age. Employees are entitled to a rest between two continuous working days lasting for at least 12 consecutive hours. Overtime is set at a maximum of 8 hours per week.

Compensation for overtime work

Overtime is subject to a monetary or time off compensation consisting of:

- 20% of the basic salary per hour for extra shifts
- 30% of the basic salary per hour for night shifts
- 30% of the basic salary per hour for extended working hours (overtime)
- 50% of the basic salary per hour for work on national holidays and weekends

Retirement Age

Pursuant to the Pension Law the retirement age is achieved at the age of 65 years and the Regulation does not make any distinction with regard to the retirement age between women and men.
Anti – discrimination

Kosovo Labor Law contains provisions which prohibit all forms of discrimination characterized by sex, race, religious and ethnical backgrounds. Moreover direct or indirect discrimination of persons with disabilities is prohibited during employment, promotion and career advancement, if that job may be performed adequately by a person with disabilities.

Employment Contracts

As a general rule, according to the Kosovo Labor Law, employment contracts are made in written form, may be stipulated either for limited or unlimited duration or for specific task and duties. An employment contract must include at least the following:

- parties, their place of residence, (for the employer the legal seat and the registration number with the Business Register)
- name, kind, nature of work or services and a brief description of the duties
- place of work, and notification that work will be performed in different locations
- duration and working hours
- date of initiation of the work
- duration of the employment contract
- amount of the base salary and any additional or other income
- duration of annual leave
- termination of the employment relational
- other data considered relevant for the regulation of the labor relation from the parties.

Employment Contract Types

The new Law introduces the following rules on the types of contracts:

- Employment contract for specific tasks and duties

This type of contract may not last more than 120 days within a year. The employee does not enjoy the right to annual leave and other rights stipulated in the collective contract.

- Limited duration contract

This contract may not be concluded for a cumulative period of more than 10 years. If explicitly or tacitly renewed beyond this term, the contract shall be deemed with indefinite duration.

- Employment contract for professional training

Employer may engage individuals for professional training and performing certain tasks through practical work (i.e. internship relation). The practical work of an intern with university and post-graduate qualification shall not last more than 1 year, whereas the practical work of an intern with secondary education shall not last more than 6 months.
If agreed by the parties, the interns shall not be subject to any salary or other rights deriving from the employment contract (except for the duties of the employer to ensure application of safety rules to these interns). Employers who engage the interns without compensation of a salary shall be obliged to evidence this fact accordingly.

**Probationary Period**

Probationary period may not last more than 6 months and termination of employment contract during this period is done upon written notice of at least 7 days in advance.

Termination of employment contracts:

Kosovo Labor Law provide for the termination of an employment contract in the following cases:

a) death of the employee  
b) death of the employer in cases when the job is strictly connected with employer personally  
c) upon expire of the contact term  
d) when the employee reaches the retirement age (65 years of age)  
e) on the date of issuing of definitive decision for loss of labor capacities  
f) if the employee shall serve a sentence which will last longer than 6 months  
g) upon decision of the competent court that leads to the termination of the employment relationship  
h) in case of bankruptcy or liquidation of the enterprise  
i) upon agreement of the parties  
j) misconduct of the employee  
k) bad performance of duties by the employee.

An employment contract may be terminated by the employer upon expiration of a notification period when:

a) such termination is justified for economic, technical or organizational reasons  
b) the employee is no longer able to perform the job  
c) is impracticable to transfer, train or qualify the employee for the job or other jobs  
d) serious case of misconduct  
e) unsatisfactory performance.

An employment contract may be terminated by the employer without providing a period of notice of termination in cases when:

a) the employee fails to remedy from repeating non serious misconducts or breach of obligations  
b) the employee’s performance remains unsatisfactory in spite of the written warning (provided that the employer has notified in written to the employee the description of the unsatisfactory performance and provide for a probation time for improvement).

Notification period for termination of employment contract of limited duration are as follows:
• from 6 months - 2 years of employment: 30 calendar days
• from 2 - 10 years of employment: 45 calendar days
• above 10 years of employment: 60 calendar days.

The employer may terminate a limited duration employment contract upon 30 calendar days notice. The employer who does not intend to renew a limited duration contract must inform the employee at least 30 days before the expiry of the contract.

**Collective Agreement**

A collective agreement may be concluded between:

a) organization of employers and their representatives and
b) organization of employees or, in cases where there are no such organizations, the agreement may be concluded by the representatives of employees.

A collective agreement may be concluded at:

a) state level
b) branch level or
c) enterprise level.

A collective agreement may be for a limited duration of no more than 3 years. A collective agreement shall apply to employers and its employees who agree to be bound by such collective agreement.

**Holidays/Paid Leave**

**Leaves and Absence from Work**

The Law provides for the following new rules on annual leave:

• newly hired employees having worked for at least 6 continuous months are entitled to a paid annual leave in proportion with the months of work
• after the first year of employment, the employees are entitled to a paid annual leave of at least 4 weeks during the calendar year, regardless whether employment is full or part time
• annual leave shall be taken no later than 30 June of the following calendar year.

Other paid leaves consist of:

• 2 days for the father in case of birth or adoption of a child
• 5 days in case of employee’s marriage
• 5 days in case of death of the close family member
• 1 day in each case of voluntary blood donation.

Further, in case the work conditions are not satisfactorily secured or fail to protect the health and life of the employee, as set forth in a decision of the authorized state body or employer’s body, the employee shall be entitled to a paid justified absence from work for a maximum period of 45 days within a calendar year.
Unpaid leaves comprise the following:

- an indefinite period based on a request of the employee to the employer
- 2 weeks for the father after the birth or adoption of the child, granted at any time before the child reaches the age of 3 years (upon 10 days prior notification to the employer).

**Maternity Leave**

Pregnant women are entitled to 12 months of maternity leave to be taken upon a medical certificate 45 days before giving birth or, if consented by the woman, 28 days before the expected childbirth.

The first 6 months of maternity leave are compensated with 70% of the salary payable by the employer, the consecutive 3 months are compensated with 50% of the salary payable by the Government of Kosovo and the last 3 months are not subject to monetary compensation. Before the entry into force of the new Law, maternity leave consisted of 12 weeks entirely payable from the employer at the amount of 2/3 of the salary.

**Sick Leave**

During an ordinary sick leave, the employee shall be entitled to perceive its entire salary for a period of leave up to 20 working days within 1 year, while for occupational injury and related illness (e.g. accident at work) the payment shall consist of 70% of the salary. Payment for compensation for sick leave binds on the employer. It is to be noted that the forthcoming legislation on care and protection of health may provide for additional or other rules on the subject matter.

**National Holidays**

National Holidays in Kosovo shall be observed by employers and the employee is entitled to compensation during such National Holidays, as it was a normal working day.

**Health and Safety at Work**

Women, persons under 18 years old and disable persons enjoy special protection under the new Labour Law. Specifically, persons less than 18 years old should not work under conditions which, given their nature or circumstances, damage the health, safety or the moral of the employee. While, pregnant and breastfeeding women shall be prohibited to conduct labour activities that are classified as harmful for the health of the mother or the child.

Pregnant women, mothers with a child under the age of 3 years or a child with serious disability shall not be obliged to perform overtimes on night shifts. Maternity rights may be exercised from the father in case of sickness, abandoning of the child and/or death of the mother.

An employee that suffers a disability shall be entitled to work in his position or other relevant tasks, if he may perform the duties without the need for professional
rehabilitation. The employer is obliged to ensure the adequate type of work for the employee professionally rehabilitated after the recovery.

Transfer of Employees

Employees may be transferred in other job positions, with or without their prior consent, subject to certain rules set forth under the new Law.
Chapter 8
Acquisition & Registration of Immovable Property

Registration of Immovable Property

The registration of immovable properties in Kosovo is regulated under the law no. 04/L-013 on Cadastre and by the Law no. 03/L-154 dated 25.06.2009 “On property and other real rights”.

While the Register of the Immovable Property Rights is established as a mechanism to implement and validate immovable property rights in Kosovo, the Cadastre constitutes the Official Register that includes the registration of land parcels, buildings, parts of buildings and conductive of underneath buildings in Kosovo.

Based on the Law “On Cadastre”, Kosovo Cadastral Agency is the responsible authority for the Cadastre and for maintaining the overall official evidences on immovable properties pursuant to the recorded dates of registration and supervising the cadastral activity as well to issue secondary legislation for better regarding the cadastral activity.

The Municipality Cadastral Offices (MCO's) are entitled by law to record the immovable properties located in the area under the municipality jurisdiction.

The cadastral register contains all the data necessary for identifying the immovable property and parties bearing rights over such property, such as identity of the owner, surface, property number, divisions, if any, borders of property, date of registration, relevant plans that show the location of property, etc.

Law on Cadastre enables the registration of the rights as follows: (i) ownership (on land, buildings, parts of buildings – apartments and commercial premises), (ii) mortgages. (iii) servitudes and (iv) the right to use social and state owned property.

For an initial registration of an immovable property, a written application should be filed with the MCO under the jurisdiction of which is located the property subject to registration. The MCO shall publish such application along with the property details, at least five (5) working days prior to issuing a decision authorizing registration of the same. The published note shall include inter alia the deadline by which any concerned party may file objections with the MCO.

The MCO shall decide whether to accept or reject the application for registering the immovable property right, no later than fifteen (15) days after the application filing date and inform the applicant accordingly about its decision. The registration shall be effective upon the record of the decision of the MCO into the said register. The concerned parties may
appeal against the decision of MCO before with the Kosovo Cadastral Agency, within 30 days from the date of notification.

In case of claims where parties failed to agree on any solution, the competent court shall have jurisdiction to rule on the dispute. Upon decision of the court the MCO shall proceed with the registration.

**Land Acquisition and Related Matters**

Land in Kosovo is categorized as agricultural and construction land. Public construction land can be acquired by private persons/entities only upon the decision of the municipality and/or Ministry of Environment, or privatization procedures. In contrast, construction land other than public or social can be freely acquired from private persons/entities.

**Land Lease**

The UNMIK Regulation no. 2003/13 “On the Transformation of the Right of use to Socially-Owned Property” establishes the possibility of leasing land for commercial purposes for a term of 99 years. Investors can also get a lease hold for land from the municipality under which jurisdiction is located the said land for the term of 10 years with an extension opportunity up to 99 years.
Chapter 9
Government Controls

Competition Law

Kosovo Parliament passed a new law on Protection of Competition (hereinafter “The Law” or “Competition law”) which was published on 25.11.2010 in the Official Gazette no. 88. The law (no. 03-L/229) abrogates the previous law on competition (i.e. law No.2004/36) and entered into force on 10.12.2010.

The new law is in line with the EU Competition policy and regulations. It regulates concentration of enterprises, restrictive agreements, abuse of a dominant position carried out from “undertakings” with the purpose of restricting, suppressing and distorting competition in the Kosovo market.

For purposes of this Law, all persons being individuals or public or private legal entities, engaged in commercial activity either local or foreign provided that their activity has an impact on the national market are considered “undertakings”. The prohibited conducts are related to those carried out within the territory of Kosovo or having economic effects in Kosovo.

Agreements restricting competition

Competition law prohibits all agreements between two or more independent undertakings, decisions made by business associations and concerted practices that aim or may significantly influence on disturbance of market competition in relevant market, and in particular the ones that:

(i) directly or indirectly impose purchase or sale price or any other condition in trade
(ii) limit or control production, market, technological development and investments
(iii) share markets or supply sources
(iv) implement unequal conditions for similar transactions with other enterprises, consequently placing them in an unfavorable competitive position
(v) apply conditions for agreements on contracts to rely on other contracting subjects, through other supplementing conditions that do not have any natural or common trade practice connection to the object of such contract.

The provisions of the Competition Law contain also some exclusions and exemptions from such prohibition. Indicatively, the Law attribute to the Kosovo Competition Authority the power to assess if horizontal agreements such as the rationalization or specialization agreements, vertical agreements and IP agreements meet the legal conditions to benefit from the exemption. The law provides also for the exemption of de minimis agreements.
Abuse of dominant position

A dominant position is not prohibited per se, instead the abuse of such dominant position falls under the prohibition established from the Competition Law. The Law recognizes the existence of a single (one undertaking) and collective (two or more undertakings) dominant position.

An undertaking will be considered in a dominant position if it is not exposed to substantial competition or has a superior market power in relation to its existing or potential competitors. The Competition Law provides for a presumed dominant position, if the undertaking has a market share higher than 40%. Anyhow, this presumption will not be applicable if the undertaking convincingly demonstrates that it is exposed to substantial competition or that it has no superior market position in relation to its competitors.

As regards collective dominance, under the law, two or more undertakings are considered holding a dominant position if, vis-à-vis their competitors, they act together in the market. According to the Competition law the abuse of dominant position occurs in case of:

(i) direct or indirect setting of unreal purchase or sale prices and other unfair trade conditions, respectively
(ii) limitation of production, markets or technological development to the prejudice of consumers
(iii) implementation of different conditions for similar duties with other enterprises thereby placing them in a disadvantageous competitive position
(iv) agreeing on contracts under condition that other contracting parties accept additional obligations
(v) setting prices or other conditions, the objective or the result of which is to prevent entering or exclude certain competitors or one of their products from the relevant market
(vi) refusal of entrance of another enterprise, by giving an appropriate compensation, in the network or infrastructures of the enterprise with dominant position, if this refusal for usage of the network or infrastructures prevents the other enterprise to act as a competitor of the enterprise with dominant position.

Concentrations

Competition Law prohibits concentrations of enterprises, which may significantly damage competition, in particular when such concentration results in strengthening of current dominant position or creation of a new dominant position.

Subject to the Competition Law, the concentration of the enterprises is created by installing permanent control which is acquired through:

(i) Merger of two or more independent enterprises or parts of these enterprises.
(ii) Acquisition of direct or indirect control, or influence on the dominating position of one or more enterprises or parts of enterprises, by:
   • taking over majority of shares or of a part of them
   • taking over majority voting rights and
   • in another way in the sense of provisions of laws in force and other regulations.
Competition Law provides that the acquisition of control is achieved by transferring the rights, contracts or other acts through which one or more enterprises, either individually or together, taking into consideration all legal and factual circumstances, acquire the possibility to achieve influence of the dominant position for one or more enterprises in permanent basis.

Also creation of a joint venture from one or more independent enterprises, which works on permanent basis as an independent economic subject, shall be considered as concentration.

A concentration shall be subject to the clearance and approval of the Kosovo Competition Authority if the following thresholds are met:

(i) determined income of all participating undertakings together, in international market, exceed one hundred (100) million Euro, based on financial reports of the financial year preceding the concentration year, and if at least one of the participating undertakings is located in the Republic of Kosovo and

(ii) general income of at least two (2) participating undertakings in Kosovo domestic market, exceeds three (3) million Euro based on financial reports preceding the year of concentration.

Penalties: The Kosovo Competition Authority may impose disciplinary measure in an amount up to ten percent (10%) of the total incomes of the enterprise realized during the last year for which the final report has been completed if the company participates in the execution of prohibited concentrations of enterprises.
Appendix A

Useful Addresses in Pristina

Country Code: 381
Pristina City Code: 38

General information: Tel: 988
Ambulance: Tel: +381 (0) 38 94 / 500 600 / 223 987
Fire Brigade: Tel: +381 (0) 38 93 / 500 997
Police Station: Tel: +381 (0) 38 911 / 92 / 541 277
Radio Taxis: Tel: +381 (0) 38 555 333 / 515 151 / +377 44 111 222
Pristina Airport: Tel: +381 (0) 38 59 58 123

Main Hotels

Grand Hotel Prishtina Nena Tereze Str., p.n., 38000, Pristina,
Tel: +381 38 220 210 / 220 211
E-mail: info@grandhotel-pr.com

Hotel Victory Nena Tereze Str., p.n., 10000, Pristina,
Tel: +381 38 543 277 / 543 267
E-mail: info@hotel-victory.com

Hotel Prishtina Vaso Pasha Str., no. 20, 10000, Pristina,
Tel: +381 38 223 284
E-mail: reservations@hotelprishtina.com

Hotel Afa Ali Kelmendi Str., no 15, 10000, Pristina,
Tel: +381 38 225 226 / 225 227
E-mail: office@hotelaфа.com

Hotel Baci Bulevardi i Deshmoreve Blvd., p.n.10000, Pristina
Tel: +381 38 548 356 / 548 357
E-mail: hotel@bacicompany.com

Hotel Gorenje Veternik Str., 10000, Pristina,
Tel: +381 38 557 700
E-mail: info@hotel-gntc.com.com

Hotel Princi i Arbrit Asllan Pireva Str., Kodra e Trimave, 10000, Pristina,
Tel: +381 38 244 244 / 244 442
E-mail: info@hotel-princiarberit.com
Hotel Dea  
Velani Str., 10000, Pristina, Kosovo  
Tel: +381 38 516 770 / 516 772  
E-mail: info@hotel-dea.com

**Restaurants**

**Puro**  
Near building Gorenje (Veternik)  
Pristina, Kosovo  
Tel:+381 (0) 38 545 -099

**Pisha**  
Nene Teresa Str.  
Pristina, Kosovo  
Tel:+381 (0) 38 227-051

**Liburnia**  
Meto Bajraktari Str, no. 3 Tophane  
Pristina, Kosovo  
Tel:+381 (0) 38 222-719

**Tiffany**  
Fehmi Agani Str.  
Pristina, Kosovo  
Tel:+381 (0) 38 244 040

**Pinochio**  
24 Maji Str. no.115  
Pristina, Kosovo  
Tel: + 381 (0) 44 202 952
Appendix B

List of Banks and other funding agencies

**ProCredit Bank Kosovo**
Nena Tereze Str., No. 16, Pristina
Tel: +381 (0) 38 555-555
Fax: +381 (0) 38 248-777
Web: www.procreditbank-kos.com

**NLB Prishtina**
Nena Tereze Str., No. 49/a, Pristina
Tel: +381 (0) 38 234-111
Fax: +381 (0) 38 744-111
Web: www.kasabank.com

**Raiffeisen Bank Kosovo**
UCK Str., No. 51, Pristina
Tel: +381 (0) 38 222-222
Fax: +381 (0) 38 226-408
Web: www.raiffeisen-kosovo.com

**TEB**
Agim Ramadani Str., No 15, Pristina 10000
Tel: +381 (0) 38 230-000
Fax: +381 (0) 38 224-699
Web: www.teb-kos.com

**Economic Bank**
Migjeni Str, No. 1, Pristina 10000
Tel: +381 (0) 38 225-353
Fax: +381 (0) 38 225-454
Web: www.bekonomike.com www.bankaeconomike.com

**Bank for Business**
UCK Str 41, 10000 Pristina
Tel. +381 (0) 38 244 666
Fax. +381 (0) 38 243 656 / 657
Web: www.bpbbank.com
http://www.bkpbank.com

**Banka Kombetare Tregtare - Pristina Branch**
Qyteza Pejton, Kosta Novakovic Str. No.9 10000 Pristina
Tel: +381 (0) 38 222 910
Fax: + 381 (0) 38 222 907
Web: www.bkt.com.al
Appendix C

Governmental Institutions

Ministry of Economy and Finance
Bill Clinton Str.,
10000, Pristina
Tel: + 381 38 540-564
Fax: + 381 38 548-673
Web: www.mfe-ks.org www.mef-ks.org

Ministry of Trade and Industry
Muharrem Fejza Str., Hospital neighborhood
10000, Pristina
Tel: + 381 38 512-164
Fax: + 381 38 512-798
Web: www.mti-ks.org

Ministry of Environment and Spatial Planning
Nazim Gafurri Str., No.31
10000, Pristina
Tel: +381 38 517-639
Fax: + 381 38 517-845
Web: www.ks-gov.net/mmph.

Ministry of Education, Science and Technology
Dardania, Block III, Musine Kokalari Str. No. 18,
Pristina
Tel: + 381 38 541-035
Fax: + 381 38 540-785
Web: www.masht-gov.net

Ministry of Labour and Social Welfare
Agim Ramadani Str. (Building of Economic Faculty)
Pristina
Tel: + 381 38 213-814
Fax: + 381 38 213-814
Web: www.ks-gov.net/mpms

Ministry of Public Services
Mother Teresa Str. (Building of GERMIA)
Pristina
Tel: + 381 38 211-014
Fax: + 381 38 211-061
Web: www.ks-gov.net/MAP
Ministry of Transport and Post-Telecommunication
Mother Teresa Str. (Building of Kosovo Assembly)
Pristina
Tel: +381 38 504-604 ext. 5949
Fax: +381 38 200-28 ext. 004
Web: www.mtpt.org.mtpt.org

Ministry of Foreign Affairs
Mother Teresa Str. (Government Building), Pristina, Kosovo
Tel: +381 (0) 38 213-963
Fax: +381 (0) 38 213-985
Web: www.ks-gov.net/MPJ

Ministry of Intern Affairs
Mother Teresa Str. (Government Building), Pristina, Kosovo
Tel: +381 (0) 38 200 190 88
Web: www.mpb-ks.org

Ministry of Agriculture, Forestry and Rural Development
Mother Teresa Str., No. 35, Pristina, Kosovo
Tel: +381 (0) 38 211-821/200 384 52
Web: www.ks-gov.net/mbpzhr

Ministry of Justice
Mother Teresa Str., Building of Kosovo Assembly Pristina
Tel: +381 (0) 38 200-18-010
Web: www.md-ks.org

Ministry of Community and Return
Ex-bank of private business, Pristina
Tel: +381 (0) 38 552-047
Web: www.mkk-ks.org

Ministry of Health
Zagreb Str., Pristina 10000
Tel: +381 (0) 38 213-886
Web: www.msh-ks.org

Ministry of Culture, Youth, Sport and Nonresidential Affairs
Mother Teresa Str., Pristina, Kosovo
Tel: +381 (0) 38 211-064/211-557
Fax: +381 (0) 38 211-440
Web: www.mkrs-ks.org

Ministry of the Local Government Administration
Urata Building, Tirana Str., Pristina
Tel: +381 (0) 38 213-010
Fax: +381 (0) 38 213-904
Web: www.mapl-ks.org
Ministry of Energy
Mother Teresa Square, Pristina
Tel: +381 (0) 38 200 215 05
Web: www.ks-gov.net/mem

International Organizations

World Bank
Mujo Ulqinaku Str., No 3, 10000, Pristina
Tel: +381 (0) 38 249 459
Fax: +381 (0) 38 249 780
Web: www.worldbank.org/kosovo

United Nations Mission in Kosovo
Luan Haradinaj Str., p.n. Pristina
Tel: +381 (0) 38 504 604
Fax: +381 (0) 38 50 604 4019
Web: www.unmikonline.org

United Nations Development Programme (UNDP)
Pejton Str., No 14, Pristina
Tel: +381 (0) 38 249 066
Fax: +381 (0) 38 249-065
Web: www.ks.undp.org

Organization for Security and Co-operation in Europe (OSCE)

Luan Haradinaj Str., p.n. Pristina
Tel: +381 (0) 38 500 162
Fax: +381 (0) 38 240-711
Web: www.osce.org/kosovo

European Commission Office in Kosovo
Kosovo Str. 1 (P.O. Box 331), Pristina
Tel: +381 38 51 31 200
Fax: +381 38 51 31 305
Web: www.delprn.ec.europa.eu

International Organization for Migration
Rr. Ismail Qemajli, Arberia II, 1000, Pristina
Tel: +381 (0) 38 249 042 / 249 041
Fax: +381 (0) 38 249-039
Web: www.iomkosovo.org
# Appendix D

## Corporate Income Tax Return

**[1] Tax Period (YYYY)**  

**[2] Serial No.: CIT**  

**[3] Business Registration Number**  

**[4] Taxpayer Name**  

**[5] Taxpayer’s Address**  

(If different from last form)  

**[6] Owner**  

**Tel:**  

**[7] Manager**  

**Tel:**  

**[8] Accountant/Bookkeeper**  

**Tel:**  

**[9] If the tax declaration is to amend a declaration filed previously for the same tax period, put an ‘X’ in the box that describes the type of amendment.**  

- [ ] Addition  
- [ ] Correction  
- [ ] Payment Only  

**Signature and Stamp**  

**Date____/____/______**  

**Account Number:**  

**[10] Amount of Tax paid**
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Net profit (loss) as per financial statements</td>
<td></td>
</tr>
</tbody>
</table>

**Adjustments to Income**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Foreign source of income (schedule A)</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Recovery of bad debts (schedule B)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Capital gains (schedule C)</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dividends (schedule D)</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Other income/gains (schedule E)</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Total adjustments to income (add lines 11 to 15)</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Profit (loss) after adjustments to income (line 10 + line 16)</td>
<td></td>
</tr>
</tbody>
</table>

**Adjustments to Expenses**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Non-deductible expenses (schedule F)</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Representation costs (schedule G)</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Reserve funds (schedule H)</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Payments to related persons (schedule I)</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Depreciation (schedule J)</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Amortization (schedule K)</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Special allowance for new assets (schedule L)</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Capital loss (schedule C)</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Other expenses (schedule M)</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Total adjustments to expenses (add lines 18 to 26)</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Profit (business loss) after adjustments to expenses (line 17 - line 27)</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Charitable contributions (attach receipts)</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Loss carried forward (refer to the guide)</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Add lines 29 and 30</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Adjusted profit before rate adjustment (line 28 - line 31)</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Rate adjustment (NGO-s only)</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Net profit (loss) (NGO-s only)</td>
<td></td>
</tr>
</tbody>
</table>
## Refund or Amount Due

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>Corporate income tax (If line 34 is a profit, multiply by 20%. If line 34 is a loss, enter 0).</td>
</tr>
<tr>
<td>36</td>
<td>Foreign states tax credit (schedule O)</td>
</tr>
<tr>
<td>37</td>
<td>Tax withheld on dividends, interest, royalties and rent by resident payers (schedule P) –attach certificates</td>
</tr>
<tr>
<td>38</td>
<td>Installments paid (Schedule Q)</td>
</tr>
<tr>
<td>39</td>
<td>Total credits (add lines 36, 37 and 38)</td>
</tr>
<tr>
<td>40</td>
<td>Line 35 less line 39</td>
</tr>
</tbody>
</table>

If the result on line 40 is (+), you have an Amount Due. If the result on line 40 is (-), you have a refund. Write the amount in the appropriate box.

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>41</td>
<td>Amount Due</td>
</tr>
<tr>
<td>42</td>
<td>Refund</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td>Bank Name</td>
</tr>
<tr>
<td>44</td>
<td>Account Holder</td>
</tr>
<tr>
<td>45</td>
<td>Account Number</td>
</tr>
</tbody>
</table>

I declare that the facts reported in this tax declaration are true.

Name and signature of authorized person

   ________________________________

   dd.mm.yyyy

   __ · __ · ___
Apendix E

Balance Sheet

As at 31 December 200X

<table>
<thead>
<tr>
<th>Note</th>
<th>Assets</th>
<th>200X</th>
<th>200(X-1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade receivables</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inventories</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prepayments for current assets</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Property, plant and equipment</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial leasing</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investments</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Liabilities</th>
<th>200X</th>
<th>200(X-1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank overdraft</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade payables</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accrued expenses</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Current portion of financial leasing</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payable dividends</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Current tax payables</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-current loans and borrowings</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>
Financial leasing 14

Total non-current liabilities

Total liabilities

Equity

Share capital 15
Reserves 16
Retained earnings 17

Total equity

Total equity and liabilities

Income Statement

For the year ended 31 December 200X

In thousands of EUR

Note

200X 200(X-1)

Sales 18
(discounts)
(returned sales)

Net revenue

Cost of sales 19

Gross profit

Operating expenses

Distribution expenses
Employees costs
Commissions
Advertising expenses
Depreciation of sales equipment 20

Administrative expenses
Employees costs
Bad debts expenses
Stationeries
Depreciation of office equipment 20
Depreciation of buildings 20
Insurance premiums
Other expense

Results from operating activities

Other income
Income from dividends
Income from interest

Other expenses
Interest expense
Income tax expense 21

Net profit for the period

CASH FLOW
Indirect method

For the year ending 31 December 200X

Cash flow from operating activities
Profit before taxation
Adjustments for:
Depreciation
Foreign exchange loss
Investment income
Interest expenses
Increase/decrease in trade and other receivables
Increase/decrease in inventories
Increase/decrease in trade payables

Cash generated from operations
Interest paid
Income tax paid

Net cash from operating activities

Cash flow from investing activities
Acquisition of subsidiary X net of cash acquired
Purchase of property, plant and equipment
Proceeds from sale of equipment
Interest received
Dividends received

Net cash used in investing activities

Cash flow from financing activities
Proceeds from issue of share capital
Proceeds from long-term borrowing
Payment of finance lease liabilities
Dividends paid

Net cash used in financing activities

Net increase/decrease in cash and cash equivalent
Cash and cash equivalent at beginning of the period
Cash and cash equivalent at end of the period
# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 200X

*In thousands of Euro*

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Premiums</th>
<th>Legal and statutory reserves</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 31 December 200X-2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in accounting policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit of the current year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 December 200X-1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit of the current year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 December 200X</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix F

Annual Declaration and Payment Form for Personal Income Tax


(if different from last form)


[7] Put ‘X’ on the appropriate category if not filing for the first time for this tax period.

☐ Addition  ☐ Correction  ☐ Payment Only

Gross Income

[8] Gross Wages
[10] Profit Shares from Partnerships
[12] Gross Income from Pension Payments
[16] Gross Income from Intangible Property
[17] Capital Gains (suspended till 2010)
[18] Foreign Source Income
**Total Gross Income**

- [19] Other Income (Specify)
- [20] Total Gross Income (add 8 to 19)

**Allowed Expenses**

- [21] Business expenses, actual or 25% of business income
- [22] Expenses related to rental income—actual or 20% of gross rent
- [23] Pension contributions made by taxpayer on own behalf
- [24] Expenses related to income from intangible property
- [25] Other allowed expenses (Specify)
- [26] Total Allowed Expenses (add 21 to 25)
- [27] Taxable amount (20-26)—if negative enter the amount in brackets

**Deductions**

- [28] Losses Carried Forward
- [29] Deduction for Charitable Contributions (max 5% of [27])
  (Only for taxpayers who pay tax on real income)
- [30] Total Deductions (28+29)
- [31] Taxable Income before tax [27]-[30](if negative enter in brackets)
- [32] Tax on Taxable Income as per tax brackets (if negative enter 0)

**Tax Paid and/or withheld during the year**

- [33] Quarterly advance payments on business income
- [34] Quarterly advance payments on rental income and intangible property
- [35] Tax on wages withheld by employers
- [36] Tax on interests withheld by banks (attach certificates)
- [37] Tax on dividends withheld by companies (attach certificates)
- [38] Tax Withheld on rents by non-individual tenants (attach certificates)
- [39] Tax Withheld on lottery gains (attach certificates)
- [40] Foreign Tax Credit (attach certificates)
- [41] Total Tax Paid or Withheld (add 33 to 40)
Total Tax Payable \( [42] = [32] - [41] \)

If the result on line 42 is (+) you have an **Amount Due**. If the result on line 42 is (-) you have a **Refund**. Enter the amount in the appropriate box.

[43] Amount Due

[44] Refund

[45] Bank Name

[46] Account Holder

[47] Account Number

I declare that facts reported in this tax declaration are true.

Dd/mm/yyyy

___________________________

___/___/___
Boga & Associates Services at a Glance

Boga & Associates, established in 1994, has emerged as one of the premiere law firms in Albania, earning a reputation for providing the highest quality of legal, tax and accounting services to its clients. Boga & Associates also operates in Kosovo (Pristina) offering full range of services.

The firm maintains its commitment to quality through the skills and determination of a team of attorneys and other professionals with a wide range of skills and experience. The extensive foreign language capabilities of the team help to ensure that its international clientele have easy access to the expanding Albanian and Kosovo business environment.

The firm provides services to a broad spectrum of regional and local organizations, including private and public companies, partnerships and government agencies as well as not for profit organizations. With its diverse capabilities and experience, the firm services leading clients in most major industries, banks and financial institutions, companies engaged in insurance, construction, energy and utilities, entertainment and media, mining, oil and gas, professional services, real estate, technology, telecommunications, tourism, transport, infrastructure and consumer goods. The firm has also an outstanding litigation practice, representing clients on all levels of Albanian courts. This same know-how and experience has been drawn upon by the Legislature in the drafting of new laws and regulations.

The firm offers its clients all the legal, tax and accounting services required to conduct business in Albania and Kosovo, effectively. Over the years the firm has advised in the areas of privatization of national resources and enterprises, concessions, real estate transactions, setting up businesses, credit facilities and custom and tax issues, all with a keen sensitivity to the rapid changes in the Albanian business environment.

Chambers and Partners, an international legal market ranking company specialized in publishing research-base guides to the legal profession recognize Boga & Associates as one of leading law firms of 2011 in all practice areas of the ranking for Albania, more specifically in the field of Corporate/Commercial, Dispute Resolution, Intellectual Property, Projects and Real Estate. IFLR 1000, a financial and corporate law ranking company, ranked Boga & Associates as a Top Tier Law firm in Albania, also for the year 2011.

Besides its commitment to clients’ needs, Boga & Associates is also devoted to charitable activities and has provided pro bono legal services to the Albanian Children’s Foundation, Youth Albanian Parcel Services, American Chamber of Commerce, and the National Olympic Committee, to name but a few.
Legal

- Commercial Law
- Intellectual Property Law
- Banking and Financial Law
- Competition Law
- Energy and Utilities
- Construction Law
- Employment Law
- Electronic Communication and Entertainment
- Environmental Law
- Litigation and Alternative Dispute Resolution
- Procurement Law
- Real Estate Law

Tax

- Tax Advice
- Tax audit Services
- Tax Compliance

Accounting

- Bookkeeping services
- Accounting advice
- Forensic services