



REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVO
QEVERIA E KOSOVËS - VLADA KOSOVA - GOVERNMENT OF KOSOVO
MINISTRIA E FINANÇAVE - MINISTARSTVO ZA FINANSIJE - MINISTRY OF FINANCE
ADMINISTRATA TATIMORE E KOSOVËS - PORESKA ADMINISTRACIJA KOSOVA - TAX ADMINISTRATION OF KOSOVO



Voluntary
Compliance

Professional,
Transparent and
Effective
Services

Equal and
Uniform
Implementation
of Tax Laws

ANNUAL BUSINESS REPORT FOR 2010

PRISTINA 2011

TAX ADMINISTRATION OF KOSOVO

ANNUAL BUSINESS REPORT FOR 2010



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1. Foreword by the General Director

The year 2010 marked the 10th anniversary of establishment of the Tax Administration of Kosovo. Even this year, major steps have been taken to improve and enhance our capabilities and services to the public and taxpayers in general.



During this year there have been modified and changed tax laws in order to meet international standards and implement best practices of the EU. With the approval of the tax laws by Kosovo Assembly and signing of administrative guidelines by the MEF to clarify these laws, the majority of fiscal reforms have been completed. A modernization of the system for data processing has been made, and was established the position of Taxpayer Advocate to provide room to concerns and issues rose on implementation of laws by TAK. It has been established a toll free line of cooperation with citizens for reporting cases of tax evasion, corruption or misconduct by the staff of TAK.

With the establishment of the Directorate for Modernization and Strategic Planning, it has been executed the IMF's recommendation to implement important projects for the advancement and establishment of TAK's performance. We continued the implementation of the project for cash registers and have established new units for risk management and tax investigation, and we have approved five-year strategic plan from 2010 to 2015. Commitment to realize the vision, mission and values set by the TAK, has enabled the collection of revenues on voluntary compliance with equal, transparent and professional treatment for all taxpayers in amount of 221.6 million Euros. All this is achieved through the TAK staff, for which I am very grateful.

This year, as previous years, it was challenging, but the biggest challenge we have is ahead. In 2011 our efforts will be directed at expanding the tax base and collecting the proper amount of tax from all taxpayers. This will be achieved through building our technical capacity and increasing the volume of information available to the TAK to ensure that each taxpayer is reporting and paying tax in accordance with tax legislation. We will commit to do our job with integrity and in a transparent manner leaving no doubts about the equal treatment of taxpayers. During the year, will make compliance easier by implementing e-filing to all taxpayers. Also, it will be established a call center, where taxpayers can make free calls to obtain information they need regarding submission of their returns and payment obligations.

Our tax system will be most effective when everyone will be part of it and it will contribute to the self righteous on behalf of the Tax Administration. I thank you for paying taxes and contribute to the economic development of our country!

Sincerely,

Behxhet Haliti
Director General, Tax Administration



1.1. Our VISION is that the Tax Administration will:

- establish and maintain a positive image for the benefit of Kosovo,
- be respected by our clients and recognized by international organizations and institutions,
- be composed of a professional and energetic staff that will guarantee a high degree of transparency and modernization of our services in relation with our clients, through which we will become the main source of revenue for Kosovo.

1.2. Our MISSION is to:

- maximize voluntary compliance, giving full regard to tax legislation and regulations;
- provide professional, transparent and effective service to the taxpayer community in order for them to understand their tax paying obligations; and
- ensure fair and uniform application and enforcement of tax laws in order to collect revenues for the government budget in an efficient and cost-effective manner.

1.3. The Tax Administration will be driven by these values in all OUR DEALINGS :

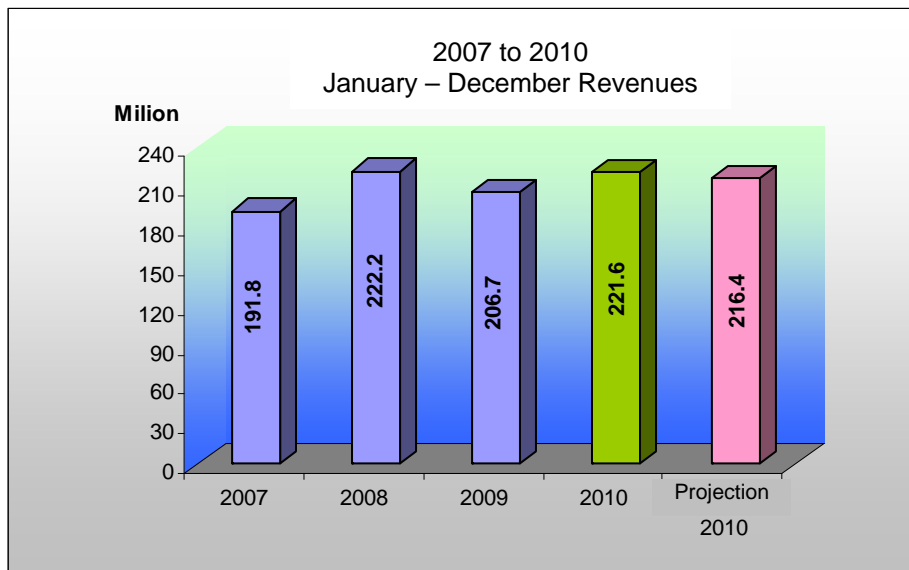
- **Integrity and honesty** will be foundation stones of our institution, which ensures that we provide equal treatment for taxpayers and fair application of laws
- **Professionalism** will be the key of success in achieving our mission, aiming continuous improvement towards the highest standards of success
- **Transparency** will be a key element to create sound relations with taxpayers and trust in the tax administration
- **Respect** to taxpayers is demonstrated through our contacts in which we will recognize their rights and our obligations
- **Flexibility** will be a base for new developments in our organization



2. Taxes

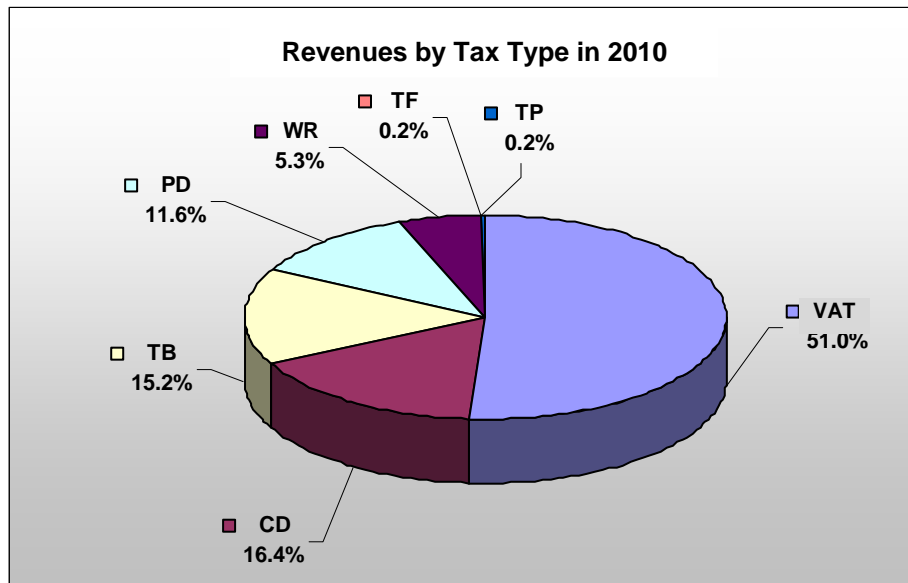
2.1. Revenues by year and structure

During 2010 revenues were realized in the amount of 221.6 million Euros, which compared with projected revenues, have been increased by €5.2 million or 2%, while compared to the same period last year, revenues are higher for €15 million or 7%.



In the structure of revenues by type of tax, have greater participation revenues from VAT by 51.0%, corporation tax by 16.4% withholding tax to 15.2%, Individual Business Tax 11.6%, Monthly review of withholding tax and payment of interest, dividends, royalties, rental, lottery winnings and gambling, presumptive tax by 5.3%, and profit tax 0.2%.

TAX TYPE	2010 PROJECTION	REVENUES COLLECTED 2010	REVENUE STRUCTURE	COMPARASION WITH PROJECTION	REVENUE COLLECTED 2009	REVENUE STRUCTURE	COMPARASION 2010/2009
0	1	2	3=2/Σ	4=2/1	5	6=5/Σ	7=2/5
TP	2,215,200	443,427	0.2%	20.0%	2,722,463	1%	16%
PT	7,121,612	466,612	0.2%	6.6%	7,731,182	4%	6%
VAT	93,301,600	113,046,863	51.0%	121.2%	83,198,697	40%	136%
WT	39,534,500	33,710,926	15.2%	85.3%	36,356,966	18%	93%
PD	23,860,700	25,762,265	11.6%	108.0%	24,680,746	12%	104%
WR	7,372,788	11,741,417	5.3%	159.3%	15,715,532	8%	75%
CT	42,943,600	36,414,344	16.4%	84.8%	36,275,987	18%	100%
TOTAL	216,350,000	221,585,852	100%	102%	206,681,573	100%	107%



- TP-** Presumptive tax
TF- Profit tax
VAT- Value added tax
TB- Withholding Tax
PD- Tax on individual business
WR- Monthly statement of withholding tax and payment of interest, dividends, royalties, rental, lottery winnings and gambling
CD- Corporate Tax

VAT revenues collected and refunds

(amounts in million Euros)

CATEGORY	2008	2009	2010
1. REVENUES FROM VAT	55.8	83.2	113.0
2. REFUNDED VAT	19.9	18.2	20.4
3. VAT NET REVENUE (1 MINUS 2)	35.9	65.0	92.6

In general the increase on revenue indicates positive pattern of domestic revenues, and in particular of VAT, on which had impacted better communication with taxpayers, inventory checks and input VAT checks on stock, treatment of goods without origin and transaction over 500€ via bank transfer.



2.2.Revenues by regions

REGION	2010 PLAN	2010 INCOMES	INCOME STRUCTURE	COMPARISON WITH PLAN	2009 INCOMES	INCOME STRUCTURE
0	1	2	3=2/Σ	4=2/1	5	6=5/Σ
FERIZAJ	5,300,000	6,588,288	3%	124%	4,498,441	2%
GJAKOVĚ	2,950,000	3,532,621	2%	120%	2,993,132	1%
GJILAN	4,500,000	4,776,157	2%	106%	4,325,608	2%
MITROVICĚ	3,950,000	4,855,389	2%	123%	4,098,645	2%
NJTM	126,250,000	127,112,282	57%	101%	122,271,869	59%
PEJĚ	7,800,000	7,149,037	3%	92%	6,493,442	3%
PRISHTINĚ 1	44,700,000	44,629,695	20%	100%	41,517,472	20%
PRISHTINĚ 2	10,800,000	12,842,952	6%	119%	11,853,073	6%
PRIZREN	10,100,000	10,099,430	5%	100%	8,629,891	4%
TOTAL	216,350,000	221,585,852	100%	102%	206,681,573	100%

Source: Information Technology.

2.3.Costs by tax type

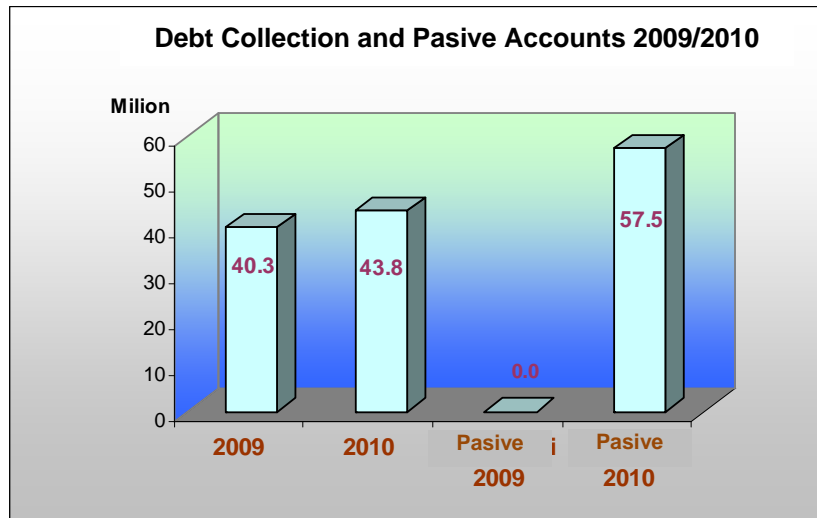
REVENUES (TAXES AND PENSION CONTRIBUTIONS)	294,676,513
TAK EXPENSES	6,533,986
COSTS FOR 100€ FOR 2010	2.2
COSTS FOR 100€ FOR 2009	2.8

2.4.Collection of debts and cancelation of tax liabilities

This year, Enforcement collection has collected 43.8 million, while for the same period last year 40.3 million Euro has been collected, which means that during this period were collected 9% more or 3.6 mil. € Of 339 levies served to Treasury during this period were collected in total EUR 2,741,080 (€2,523,467 of taxes and €217.612 of pensions), while inactive debts are in value of €57.5 million.

COMPARISON OF THE COLLECTION OF DEBTS

REGION	COLLECTION FOR 2009			COLLECTION FOR 2010			COMPARISON WITH 2009
	OTHER COLLECTION	BY INITIATIVE	TOTAL	OTHER COLLECTION	BY INITIATIVE	TOTAL	
0	1	2	3	4	5	6	7=6/3
FERIZAJ	1,325,204	722,588	2,047,791	1,883,791	552,187	2,435,979	119%
GJAKOVA	337,505	453,170	790,675	725,734	276,843	1,002,578	127%
GJILANI	1,191,662	582,559	1,774,221	1,315,639	235,087	1,550,726	87%
MITROVICA	1,045,267	333,819	1,379,086	722,876	253,211	976,087	71%
NJTM	7,888,681	12,383,006	20,271,687	13,085,292	6,182,651	19,267,943	95%
PEJA	1,323,351	1,679,580	3,002,931	1,670,775	366,261	2,037,036	68%
PRISHTINA 1	867,455	4,126,345	4,993,801	10,843,173	881,709	11,724,882	235%
PRISHTINA 2	1,498,249	1,151,709	2,649,958	2,020,933	406,183	2,427,116	92%
PRIZRENI	1,406,975	1,993,306	3,400,281	2,076,637	340,335	2,416,972	71%
TOTALI	16,884,350	23,426,081	40,310,431	34,344,851	9,494,468	43,839,319	109%



2.5. Refunds

Refunds, reimbursement and returns that are transferred in taxpayers accounts for all types of taxes for this period are worth €27,596,387, of which the refund, reimbursement and VAT returns are €20,728,304 (75.1%), for PIT (Personal Income Tax) are €52.467 or (3.1%), for CIT (Corporate Income Tax) are €6,015,616 (21.8%). Number of requests received is 9.313, while 9.279 were considered.

TAX TYPE	REQUESTS		% OF APPROVED	APPROVED AMOUNT	TAK OBLIGATIONS	TRANSFERRED AMOUNT	% OF TRANSFERRED
	RECEIVED	APPROVED					
VAT refunds	159	130	1.40%	22,002,373	1,578,779	20,423,594	74.0%
VAT reimbursement	24	20	0.22%	365,206	60,497	304,709	1.1%
VAT returns	2	1	0.01%	1,559	1,589	-	0.0%
PIT refunds	9,120	9,120	98.29%	861,217	8,750	852,467	3.1%
CIT refunds	8	8	0.09%	6,027,570	11,954	6,015,616	21.8%
TOTAL	9,313	9,279	100%	29,257,925	1,661,568	27,596,387	100%

VAT refunds by years

(shumat në mil. Euro)

DESCRIPTION/YEARS	2007	2008	2009	2010
1. NUMBER OF CLAIMS	133	153	152	159
2. AMOUNT CLAIMED	15.7	24.9	21.2	22.0
3. AMOUNT REFUNDED	8.4	19.9	18.2	20.4

Review of refund claims and their processing, it also indicates positive pattern compare with the past, so it accelerates their treatment and it respects taxpayers' rights.



2.6. Audit results and compliance activities

Additional tax, as a result of carrying out 1.835 tax audits and assessments from the office is 54.6 million € where according to tax types has increased participation, Corporate Tax and Profit Tax (CIT-PT) 21.7 million € (39.7%), VAT by 17.6 million € (32.3%), Tax on Individual Large Businesses 8.9 million € (16.3%), Pension contributions 2.0 million € (3.7%), taxes on interest, gambling games 1.9 million € (3.4%), Tax on Individual Small Businesses €21.314 (1.5%), Rent Tax €773.144 (1.4%), Wages Tax €772.607 (1.4%), and Presumptive Tax €107.115 (0.2%).

TAX TYPE	ADDITIONAL TAX 2009	STRUCTURE 2009 %	ADDITIONAL TAX 2010	STRUCTURE 2010 %
0	1	2=1/Σ	3	4=3/Σ
PT-CIT	21,240,708	41.1%	21,693,183	39.7%
VAT	13,811,567	26.7%	17,648,564	32.3%
LIB (large Individual Business)	6,362,895	12.3%	8,928,285	16.3%
Pension contribution	3,128,881	6.1%	2,026,892	3.7%
Interest. Dividend games of chance (WR)	141,007	0.3%	1,882,692	3.4%
SIB (Small Individual business)	1,841,706	3.6%	821,314	1.5%
Rent	2,076,040	4.0%	773,144	1.4%
Tax on Wages	1,236,401	2.4%	772,607	1.4%
Presumptive Tax	1,823,328	3.5%	107,115	0.2%
TOTAL	51,662,533	100.0%	54,653,795	100.0%

ADDITIONAL TAX BY REGIONS

REGION	2009	PLAN 2010	EXECUTION 2010	COMPARISON	INDEX 2010/09	ADDITIONAL TAX 2009	ADDITIONAL TAX 2010	INDEX 2010/09	PLAN OF VISITS 2010	CONDUCTED VISITS 2010
0	1	2	3	4=3/2	5=3/1	6	7	8=7/6	9	10
FERIZAJ	232	252	195	77%	84%	2,404,681	2,156,262	90%	7,704	7,337
GJAKOVA	89	129	75	58%	84%	2,454,709	1,592,628	65%	4,014	6,856
GJILANI	369	332	221	67%	60%	1,736,871	1,670,171	96%	10,302	7,339
MITROVICA	283	258	153	59%	54%	2,824,631	1,524,339	54%	8,028	11,508
NJTM	91	156	84	54%	92%	23,666,738	26,338,913	111%	1,820	2,166
PEJA	338	359	333	93%	99%	2,679,849	5,654,433	211%	11,022	13,887
PRISHTINA 1	341	507	255	50%	75%	7,788,927	8,156,723	105%	15,570	17,005
PRISHTINA 2	312	348	171	49%	55%	4,745,113	4,408,870	93%	10,674	9,882
PRIZRENI	386	367	347	95%	90%	2,117,045	3,056,338	144%	11,208	9,258
NJKS			1	0%	0%	1,243,969		0%		499
TOTALI	2,441	2,708	1,835	67.8%	75.2%	51,662,533	54,558,677	106%	80,342	85,737



COMPLIANCE ACTIVITIES

REGION	PLAN OF VISITS	NUMBER OF VISITS	%	NUMBER OF FINES	VALUE OF FINES
0	1	2	3=2/1	4	5
FERIZAJ	7,704	7,337	95.2%	370	72,525
GJAKOVA	4,014	6,856	170.8%	309	62,225
GJILANI	10,302	7,339	71.2%	386	84,175
MITROVICA	8,028	11,508	143.3%	364	83,625
NJTM	1,820	2,166	119.0%	78	69,325
PEJA	11,022	13,887	126.0%	638	117,800
PRISHTINA 1	15,570	17,005	109.2%	897	161,175
PRISHTINA 2	10,674	9,882	92.6%	434	107,425
PRIZRENI	11,208	9,258	82.6%	885	199,050
NJKS		499	0.0%	38	7,225
TOTALI	80,342	85,737	106.7%	4,399	964,550

2.7.Pensions

Tax Administration is responsible for collecting, enforcing and reconciliation of pension savings contributions paid by current workers and employers to Pension Savings Trust of Kosovo.

Activities related to pension savings are realized through the responsible staff: as collection and processing of payment declarations and bank statements, reconciliation of payments, collection and processing of employers reports, and the obligation of payment and compliance reporting.

TAK is engaged in coordinating activities with representatives of the Trust in order to increase efficiency in implementing procedures for pension contributions. Cooperation with the Trust is focused on advancing the program of the Trust and exchange information between two institutions.

During 2010 from Pension Contributions there have been collected 94.6 million Euros.

2.8.Games of Chance

Division of games of chance during this year has undertaken activities to license entities involved in this field and close unlicensed entities. From games of chance during this period, the collected fees from licensing of such entities were €1,423,500, while €25,000 is the value of fines issued for violations. Also, after the review of requests were issued 9 new licenses for this industry, and are also licensed 113 new units which operate within the existing entities licensed previously.



ACCOMPLISHED ACTIVITIES

DESCRIPTION	2010	2009
MONITORING VISITS WITHIN HOURS	633	315
COMPLIANCE VISITS	532	413
OTHER	346	125
VISITS IN COOPERATION WITH THE POLICE –CUSTOMS)	95	104
TOTAL OF VISITS	1606	957
ISSUANCE OF LICENSES	9	9
LICENSE VALUE	175,500 €	115,750 €
RENEWAL OF LICENSE	31	32
LICENSE RENEWAL VALUE	133,000 €	73,000 €
EXPANSION OF THE ACTIVITY	113	114
VALUE OF EXPANSIONS	1,115,000 €	784,750 €
TOTAL OF ACTIVITIES	153	155
TOTAL OF PAYMENT VALUE	1,423,500 €	973,500 €
TOTAL OF PAID FINES	25,000 €	40,000 €

2.9. Criminal Prosecution and Appeals

Legal office during 2010 has conducted the following activities:

DOSSIERS SUBMITTED BY REGIONAL OFFICES			ACTIONS OF LEGAL OFFICE ON DOSSIERS				REPRESENTATION IN SESSIONS			ACT-DECISIONS OF THE INDEPENDENT REVIEW BOARD					TAK ACTIONS TOWARD ACT-DECISIONS (IRB)		VERDICTS				OTHER		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
RECEIVED FILES	REVIEWED FILES	NOT REVIEWED FILES	CRIMINAL CHARGE	DESCRIPTION	MINISTRY OF JUSTICE	RETURN OF FILES TO REGION	APPEALS DEPARTMENT	INDEPENDENT REVIEW BOARD IRB	COURT	APPROVED	PARTLY	REFUSED	RE-REVIEWED	REJECTED	EXERCISING CHARGES	APPROVAL OF THE DECISION OF THE IRB BY TAK	MUNICIPAL PUBLIC PROSECUTOR	MUNICIPAL COURT	DISTRICT COURT	SUPREME COURT	KOSOVO STATE PROSECUTOR	INTERPRETATION, ADVISORY AND REPLY'S	PARTICIPATION IN COMMISSION FOR REVIEWING DECISIONS OF DA, IN ACCORDANCE WITH THE DIRECTOR'S DECISION OF DATE 09.10.2009
166	163	10	61	37	12	53	135	127	41	8	6	19	19	11	1	12	5	10	5	2	3	26	115

Law Office has received 166 files of which 163 have been reviewed by legal procedures and where filed 61 criminal charges. Legal Office has participated in the representation of TAK in sessions organized by other institutions and law enforcement and was present at all meetings organized by the Appeals Division. As a result of review of cases in favor of taxpayers are approved 8 decisions, 19 decisions were rejected, 19 decisions are under re-examination, 11 decisions are negative due to expiration of the appeal.



From the court there have been received 10 verdicts, of which 3 casted verdicts (the debt was prescribed), 5 persons were convicted, one is freed from the indictment and one indictment was changed of its qualification. The District Court accepted 3 rejected verdicts (this means that the prosecutor's or taxpayer's appeal was rejected against the decision of the Municipal Court), to 1 case an appeal has been approved, and one case was convicted.

Appeals Department in 2010 received a total of 500 appeals, of which 548 appeals were reviewed (within which 86 were carried forward from year 2009). From the appeals reviewed, one case is approved, the 49 cases partly reviewed, 213 were rejected, 39 cases facing expiration period, 40 cases have been reset. Also within the total number of cases are included 163 mandatory fines, of which 37 cases were positive to taxpayers, while 126 negative, and 43 belonging to other cases. During this year, the number of appeals received was smaller compared with the previous year by 11.6%, while the number of appeals reviewed by 10.26%.

TAXPAYER'S APPEALS FILED WITH THE DEPARTMENT OF APPEALS			DECISIONS OF THE DEPARTMENT OF APPEALS						MANDATORY FINES		OTHER
1	2	3	4	5	6	7	8	9	10	11	12
RECEIVED APPEALS	REVIEWED APPEALS	PENDING APPEALS	APPROVED	PARTLY	REFUSED	RE-CHECKS	EXPIRY OF DEADLINE	TAX INCREASE	APPROVED	REFUSED	
500	548	34	1	49	213	40	39	0	37	126	43

2.10. Internal audit

Internal Audit unit during 2010 has completed nine regular audits, of which 5 regular audits and four at the request of management, and has also made tracking of the implementation of recommendations issued by the General Auditor including tracking of implementation of recommendations given by the IAU for 2009.

Conducted audits were: a review of cases related to Government Decision on the dismissal of penalties, the audit of the Special Control Unit, audit of tax revenues in the region of Ferizaj, Peja, Games of Chance, Mitrovica, Pristina 2, procurement and reimbursement. From all audits have been given 69 recommendations in total, of which 36 were implemented, 33 are in the process.



3. Dedication to taxpayers

The main objective of TAK is to create the best possible opportunities and develop policies for voluntary compliance of taxpayers, providing assistance and services to taxpayers, organizing workshops and trainings for certain categories of taxpayers as well as direct services to taxpayers to better implementation of tax legislation.

3.1. Workshops with taxpayers

After the approval of the three tax laws (VAT, PIT and CIT) and administrative instruction no. 16/2009 for implementing Law no. 03/L-071 on Changes and Amendments of the Law 2004/48 on tax administration and procedures, and in order to realize contacts and convey notifications to taxpayers for the legal effects of these laws have been conducted 7 workshops with taxpayers in all regions. Main topic was Instruction no. 16/2009.

In addition, workshops where conducted with the Kosovo Chamber of Commerce and SCAAK.

Seminar with members from SCAAK lasted for four days, and were reviewed the following topics :

- Presentation of the Administrative Instruction No. 16/2009,
- Preparation of annual statements for the PIT and CIT,
- Enforced Collection Procedures,
- Allowable Expenses and Control Procedures,
- Other procedures: Fiscal numbers and Cancellation of tax documents, TIU (Tax Investigation Unit), appeals etc.
- Law no. 03/L-161 for Personal Income Tax (content and amendments in the law for PIT), and
- Law no. 03/L-162 tax on Corporate Income (content and amendments in the law to TAK),
- Requests for book-keeping long-term construction contracts and derivatives traders,
- Law no. 03/L-146 for Value Added Tax (Content and News) with a focus on Article 20 "place of service supply ",
- VAT refund Procedures, then,

Other workshops are also conducted in different areas in common with Kosovo Chamber of Commerce, four seminars on Fiscal Cash, then the Kosovo Judicial Institute for Supreme Court judges and prosecutors.



3.2. Taxpayers advocate

Taxpayer Advocate element, as a new position in the TAK, and has started to function from January 2010. Key activities of this position are the review of cases of taxpayers who have undergone appeals procedures, omissions and mistakes in tax declarations and payments, not consideration of their documentation for reasons which were beyond normal circumstances, etc. Taxpayer Advocate received 76 taxpayer's appeals where the majority of these cases have received a written response.

Other advocate activities during this year were participation in the working group for drafting the AI of Law no. 03L-222 for Tax Administration and Procedures, the organization of meetings to review cases with competent persons, cooperation with international consultants in the finalization of the form "Customers Satisfaction Surveys", commitment to completing the questionnaire for the "blue letter" and to strategic communications plan.

3.3. Fighting corruption

Office of Professional Standards has done the review and investigation of cases to TAK staff for breaching the rules of conduct set by TAK, corruption and all kinds of violations of codes of conduct, and were presented in total nineteen (19) cases for investigation, Of which two (2) cases had no basis for the investigation, fifteen (15) cases were closed and two (2) cases are under investigation.

NUMBER OF PRESENTED CASES TO OPS	NUMBER OF CASES WITHOUT BASIS FOR INVESTIGATION	NUMBER OF CLOSED CASES	NUMBER OF CASES INVESTIGATED (COURT, POLICE, ETC)
19	2	15	2

Out of 15 closed cases, seven officials were recommended for disciplinary actions; while for other cases have been issued recommendations by the management.



4. Human resources

The total number of employees in TAK is 711, of whom 494 (69%) were male and 217 (31%) women. According to the education of the total number of employees from 711, with the university are 532 (75%), with high school 15 (2%), high school 160 (23%), and primary school 4 (1%). Ethnicity 692 (97.3%) were Albanians, Serbs are 10 (1.4%), Turks are 2 (0.3%), the other 7 (1%).

TAK EMPLOYEES BY EDUCATION

NO.	EDUCATION	TOTAL	STRUCTURE
2	FACULTY (SUPERIOR)	532	75%
3	HIGH SCHOOL	15	2%
4	SECONDARY SCHOOL	160	23%
5	ELEMENTARY SCHOOL	4	1%
TOTAL		711	100%

TAK EMPLOYEES BY ETHNICITY

NO.	ETHNICITY	TOTAL	STRUCTURE
1	ALBANIANS	692	97.3%
2	TURKS	2	0.3%
3	SERBS	10	1.4%
4	OTHERS	7	1.0%
TOTALI		711	100%

4.1. Training

Division of Training and Development with the assistance and cooperation of consultants from Deloitte-ESTAK in 2010, has implemented and provided technical support for internal and external trainings - (receiving and reviewing applications for the organization of training, efforts on providing space and technical equipment (projector, laptop, flipchart,), notification of participants for the time and place of training, efforts for the training material before and during training, monitoring the course of the training, the provision of travel tickets, contacts with foreign embassies), providing basic training for new officials, the development of a survey on Training Needs Assessment, design and approval form for support from the training office, the form of equipment and training evaluation form displayed in SharePoint, the activation of the Rules of training, designing and creating a plan for booking office room for TAK meetings and posting in SharePoint, Establishment of Training Commission, continuous contacts with local and international training organizations (OECD Organization for International Cooperation and Development, CEF-Center of the Financial Excellence, Slovenia, KIPA Institute for Public Administration, KCSED- Kosovo Centre for Security, Education and Development, SCAAK-Association of Certified Accountants and Auditors of Kosovo, the Institute for PR, MDA, etc.



TAK organized 15 trainings in different areas of tax legislation in which were presenting 356 officials, and has participated in 12 trainings to local organizations a total of 205 formal training, in 9 formal trainings to OECD for total of 17 officers, the CEF to 6 trainings with total of 11 officials and to 7 study visits with 21 officials.

Number of trainings and participants by local and international institutions

INSTITUTION	NUMBER OF TRAININGS	NUMBER OF PARTICIPANTS
ATK-EUCTA	15	365
IKAP	3	9
FLSA	2	7
KCSED	1	2
IMP	2	19
SCAAK	1	24
MDA	1	3
LSE	1	138
IKM	1	3
OECD	9	17
CEF	6	11
STUDY VISITS	7	21
TOTAL	49	619

4.2.Code of ethic and conduct

Tax Administration has issued in July of 2007 the Code of Ethics and Conduct, which was later on enriched with Administrative Instruction: the integrity of TAK, no. 17/2009 issued on date 01.12.2009 and the Code of Dressing and Appearance of employees at work for TAK staff issued on date 15.07.2010.

Code of Ethics and Conduct is aimed at maintaining and increasing the confidence of TAK with the public, and the performance of duties of TAK staff in harmony with the law and reflect of high ethical and moral standards toward the public.



5. Budget and procurement

Money allocated for 2010 budget, for all economic categories is in amount of 6.6 million € From total expenses of 6.5 million € 3.9 million € where spent for wages or 99%, for goods and services 1.5 million € or 96%, for utilities were spent €169.094 or 97%, while capital outlays are 845,735 million € or 92%.

Expense category	Budget 2010	Allocations 2010	Expenses 2010	Expenses 2009	% of expenses	Comparisons 2010/09
0	1	2	3	4	6=3/1	5=3/4
Wages and salaries	3,976,098	3,976,098	3,947,480	3,490,507	99%	113%
Goods and Services	1,585,873	1,559,207	1,523,816	1,626,760	96%	94%
Utilities	188,320	181,564	181,564	169,094	97%	107%
Capital outlays	924,377	924,377	845,735	1,105,766	92%	76.48%
Total	6,674,667	6,674,667	6,498,595	6,392,127	97%	102%

Capital projects accomplished during 2010

Project Name	Budgeted	Allocated	Commitments	Expended	% (4/2)
0	1	2	3	4	5
Construction of new building in Prizreni Region	111,404	111,404	111,403	111,403	100%
Fiscal Registers	189,026	189,026	188,987	188,987	95%
Upgrade SIGTAS	303,395	303,395	303,395	278,803	92%
Repair of building in Gjilan	20,000	20,000	20,000	16,735	84%
Development of e-filing application	105,000	105,000	105,000	105,000	100%
Electronic Archive	63,500	63,500	63,500	63,220	100%
Supply with equipments	34,100	34,100	34,100	33,634	100%
Check-in and check-out Software	50,000	50,000	50,000	-	-
Multi-factorial Authenticity	47,952	47,952	47,952	47,952	100%
Totali	924,377	924,377	924,338	845,735	92%

Procurement Department during 2010 has processed 72 procurement activities, of which a part of the procurement activities are conducted, a part of the activities is pending and a part of activities is being implemented according to the orders and the TAK needs. Some procurement activities have been canceled based on legal provisions on public procurement and every justification for cancellation has been published in the daily press. Procurement Department has made oversight of the implementation of procurement activities for the year 2010 for contracts that are implemented, transferred contracts from 2009 in 2010 and has developed other activities envisaged by the Law on Public Procurement in Kosovo.



6. Progress updates during 2010

6.1. Legal modifications

During 2010 we completed the legislative package 2010 with the approval and entry into force of tax legislation and other supporting acts:

NAME OF THE LAW	NUMBER OF THE LAW	ADOPTED BY ASSEMBLY	ENTRY IN FORCE
LAW ON PERSONAL INCOME TAX	NO. 03/L-161	29.12.2009	01.01.2010
LAW ON CORPORATE INCOME TAX	NO. 03/L-162	29.12.2009	01.01.2010
LAW ON VALUE ADDED TAX	NO. 03/L-146	29.12.2009	01.07.2010
LAW ON TAX ADMINISTRATION AND PROCEDURES	NO. 03/L-222	12.07.2010	18.08.2010

ADMINISTRATIVE INSTRUCTIONS	NUMBER OF INSTRUCTIONS	SIGNED BY THE MINISTER OF MEF	ENTRY IN FORCE
ADMINISTRATIVE INSTRUCTION ON IMPLEMENTATION OF LAW NO. 03/L-162 ON CORPORATE INCOME TAX	NR. 08 / 2010	30.07.2010	30.07.2010
ADMINISTRATIVE INSTRUCTION ON IMPLEMENTATION OF LAW NO. 03/L-162 ON PERSONAL INCOME TAX	NR. 09 / 2010	30.07.2010	30.07.2010
ADMINISTRATIVE INSTRUCTION ON IMPLEMENTATION OF LAW NO. 03/L-162 ON CORPORATE INCOME TAX	NR.10 / 2010	30.07.2010	30.07.2010
ADMINISTRATIVE INSTRUCTION ON PERSONAL INCOME TAX	NR. 13/2010	19.11.2010	19.11.2010
ADMINISTRATIVE INSTRUCTION ON CORPORATE INCOME TAX	NR. 14/2010	19.11.2010	19.11.2010
ADMINISTRATIVE INSTRUCTION ON TAX ADMINISTRATION AND PROCEDURES	NR. 15/2010	19.11.2010	19.11.2010

6.2. Fiscal numbers and cash registers

Below we present the table of distribution of the fiscal numbers by regions and business.

REGION	DECLARATIONS	TOTAL OF FISCAL NUMBERS	PHYSICAL ENTITIES	INDIVIDUAL BUSINESS	JUDICIAL BUSINESS	OWNERS OF JUDICIAL BUSINESS	FISCAL NUMBER/ ID OF DECLARATION
0	1	2	3	4	5	6	7=1/2
FERIZAJ	6,078	6,526	245	4,694	1,197	390	93%
GJAKOVĚ	3,336	3,632	327	2,319	837	149	92%
GJILAN	5,400	7,007	1,049	4,371	1,245	342	77%
MITROVICĚ	5,051	5,708	651	3,802	1,022	233	88%
NJTM	415	465	6	86	328	45	89%
PEJĚ	6,427	6,451	375	4,680	1,100	296	100%
PRISHTINĚ 1	10,945	13,444	1,239	6,910	4,037	1,258	81%
PRISHTINĚ 2	6,952	7,102	240	4,831	1,765	266	98%
PRIZREN	9,420	10,779	1,789	6,921	1,624	445	87%
TOTALI:	54,024	61,114	5,921	38,614	13,155	3,424	88%

Source: Information Technology.



Since March 2010 Kosovo Tax Administration has announced to launch the voluntary installation of Electronic Cash Registrars (ECR), and from April 2010 has announced that all taxpayers who have points of sale with cash money are obliged to equip with Electronic Cash Registrars.

Requirements set by law to record transactions, through electronic cash registers, and the demands to issue vouchers for goods and services that are purchased, will be to the benefit of the people of Kosovo, it improves the ability of Tax Administration, to ensure that all taxpayers meet their tax obligations and report accurately their income. This means fair competition in the market place and help to protect honest businesses from those persons who try to sell goods or services without paying tax liabilities arising from these sales.

BUSINESS EQUIPPED WITH CASH REGISTRARS

REGION	BUSINESSES EQUIPPED WITH ECR	ECR NUMBER	ECR STRUCTURE
0	1	2	3=1/Σ
FERIZAJ	306	366	5%
GJAKOVË	295	426	5%
GJILAN	792	951	13%
MITROVICË	821	909	13%
NJTM	174	927	3%
PEJË	883	1,045	14%
PRISHTINË 1	866	991	14%
PRISHTINË 2	358	410	6%
PRIZREN	1,167	1,356	18%
NOT SPECIFIED	665	935	11%
TOTAL	6,327	8,316	100%

6.3.Information technology

Information Technology, apart from ongoing projects and new projects has successfully performed the mission of providing information technology services to TAK officials in offering support and basic services in the tax base of SIGTAS system, then the overall system access, e-mail address, internet and other essential and advanced services. Projects developed during this period are as follows:

1. **Replication Project SIGATS-it**-from January 2010 is continuing with efforts to develop core modules as registration of taxpayers, issuing tax numbers, cleaning incorrect data in registers, the calculation procedure for all types of taxes, assessments, documents, checks and preparation of partial development of peripheral modules of SIGTAS such as controls module, mandatory and appeals module.
2. **Communications system - the interface with the Central Bank of Kosovo**
3. **The system for generating electronic-statement** - generation and publication of electronic statements



4. *Upgrading and advancement of internal portal of TAK with reports and tools required by the management* – within the internal IT portal are built more than 103 reports together with the various tools integrated in the system.
5. *Electronic-filing* – in the process of completing testing and start with work.
6. *Electronic archives project*
7. *Electronic Cash Registrars*
8. *Project Information System liaison between the TAK and Kosovo Customs*
9. *Setting up the secondary system in Peja and IT information system across the network of TAK*
10. *Constructing new web site www.atk-ks.org*

6.4.Strategic Plan 2010 - 2015

On date of 30.06.2010, the management approved the Strategic Plan 2010 to 2015, which represents a very important document for the development of TAK. Within this plan are also included the implementation strategy and the strategy of modernization of information technology. Through this Strategic Plan, TAK has set objectives to be achieved and actions to be taken, deadlines of meeting these objectives and actions with bearer's and their supervisors.

Strategic Plan 2010 - 2015, includes the pattern of compliance with 12 strategies relating to:

- Incarnation with the obligations set by Status (Charter) of taxpayers;
- Ensure the integrity of the database;
- Work with the public for continued education about the fulfillment of tax obligations;
- Improved technical capacity of staff to educate taxpayers and use of new methods for providing information to the public;
- Establishment of processes that will help with filing and processing time, declarations and payments;
- Prevention and early intervention;
- Increased effectiveness of control programs and risk analysis and identification of opportunities, with focus on those issues and controls that will have great impact on performance and will generate the most amount of revenue;
- Reduce of chances for evasion and avoidance;
- Early and effective collection activities;
- Information Technology;
- Human Resources;
- Accommodation;

Also, the Strategic Plan 2010 - 2015 contains a projection of revenues by regions and types of taxes and the budget projection, based on the Medium Term Expenditure Framework.

Integral parts of this plan are the indicators for measuring performance by departments in particular and TAK in general, through which it will measure the performance of the institution.



6.5. Establishing new units

In the year 2010 has been revised the organizational chart of TAK, in order to reorganize and increase the efficiency of some departments and creating new units. It has been formed the Department for Modernization and Strategic Planning, Legal Office Directorate and Complaints, and the Department of Audit and Professional Standards.

Within the Directorate for Modernization and Strategic Planning is being implemented fiscal cash registers projects, and in cooperation with the Directorate of Information Technology are being made efforts to modernize business processes and greater use of IT tools (e-filing, downloading declarations, electronic archive).

It has also been formed the Tax Investigation Unit and Risk Management Team, functioning of which units is expected during 2011.

Taxpayers Advocate Office was established as a new position in TAK, which has started to function from January 2010.

COUNTRY WIDE ORGANIZATION BY TAK



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