

**CONVENTION
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF KOSOVO
AND
COUNCIL OF MINISTERS OF THE REPUBLIC OF ALBANIA
ON
TAX AVOIDANCE OF DOUBLE TAXATION ON INCOME
AND ON CAPITAL AND PREVENTION OF FISCAL EVASION**

Convention between the Government of the Republic of Kosovo and the Council of Ministers within the Republic of Albania for avoidance of double taxation with respect to taxes on income and on capital and prevention of tax evasion

The Government of Republic of Kosovo and the Council of Ministers within the Republic of Albania, aiming at further development and facilitating their economic relations, desiring to conclude this Convention;

Have agreed as follows:

**ARTICLE 1
PERSONS COVERED**

This Convention shall apply to persons who are residents of one or both of the Contracting States.

**ARTICLE 2
TAXES COVERED**

1. This Convention shall apply to taxes on income and on capital imposed on behalf of a Contracting States or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.
3. The existing taxes to which this Convention shall apply are:
 - a) in the case of the Republic of Albania:
 - i. Taxes on income, including company profit tax, personal income tax from capital gains and from alienation of movable and immovable property.
 - ii. Tax on small business activities; and
 - iii. Tax on wealth.

Hereinafter referred to as "taxes in Albania"

- b) in the case of the Republic of Kosovo:
 - i. Personal Income Tax
 - ii. Corporate Income Tax
 - iii. Property tax

Hereinafter referred to as "taxes in Kosovo"

4. This Convention shall apply also to any identical or substantially similar taxes that are imposed after this Convention enters into force, in addition to, or in place of, the existing taxes.

ARTICLE 5 DEFINITIONS

1. For the purposes of this Convention, unless the context otherwise requires:

- a) the term "person" includes an individual, a company and any other group of persons;
- b) the term "company" means any corporate body or any other entity which is treated as a legal entity for tax purposes;
- c) the term "enterprise" means exercising any kind of activity;
- d) the term "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an activity exercised by a resident of a Contracting State and an activity exercised by a resident of the other Contracting State;
- e) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- f) the term "competent authority" means:

(i) in the case of Albania:

Ministry of Finance or an authorised representative by the Minister of Finance

(ii) in the case of Kosovo:

Ministry of Finance or an authorised representative by the Minister of Finance

- g) the term “national”, in relation to one Contracting State, means:
 - (i) any individual possessing the nationality or citizenship of one Contracting State; and
 - (ii) any legal person, partnership or association enjoying its status as such from the laws in force in the respective Contracting State;
 - h) the term “business” includes the performance of professional services and of other activities of an independent character;
 - i) the terms “a Contracting State”, and “the other Contracting State” mean Republic of Albania respectively Republic of Kosovo, as the context requires;
 - j) the term “Albania” means Republic of Albania and when used in geographical sense, means the territory of Republic of Albania, including territorial waters and airspace including any area outside the territorial sea of Republic of Albania which in accordance with international law and its laws is an area within which the rights of Republic of Albania with respect to the sea bed and sub-soil and their natural resources may be exercised;
 - k) The term “Kosovo” means the Republic of Kosovo including the entire territory of Kosovo, an area within which it exercises jurisdiction or sovereign rights for purposes exploitation, research and conservation of natural resources in accordance with international law;
2. As regards the application of this Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the laws of that State for the purposes of the taxes to which this Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

ARTICLE 4 RESIDENT

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of registration or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital placed therein.
2. Where by reason of the provisions of paragraph 1 of this Article an individual is a resident of both Contracting States, then his status shall be determined as follows:
 - a) he shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the Contracting State with which his personal and economic relations are closer (centre of vital interests);
 - b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has an habitual abode;
 - c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national;
 - d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1 of this Article a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.

