Pursuant to Article 9 of the Basic Law No. 03/L-222 on Tax Administration and Procedures, amended and supplemented by Law No. 04/L-102, and Law No. 04/L-223, the General Director of Tax Administration of Kosovo issues:

PUBLIC EXPLANATORY DECISION No. 02/2016

PROCEDURES FOR TRANSFERRING OWNERSHIP TO CHANGES IN BUSINESS FORM

PURPOSE

This Public Ruling serves to clarify procedures and steps to be followed by businesses seeking transfer of ownership to changes in business form. Furthermore, it provides detailed clarifications for TAK staff at Regional TAK offices as well as staff of One-Stop-Shops within Kosovo Business Registration Agency, to carry out the transfer of ownership to change in business form.

POSSIBILITY FOR CHANGES IN BUSINESS/OWNERSHIP FORM

All businesses seeking to make change in the business form or change business ownership, preliminary should be interested and regulate (settle) their status at TAK. A possibility for a business to make changes in business form or changes in ownership will be approved only when the business has declared all required tax periods and has settled all taxes obligations. Thus, only in cases when business has settled all tax obligations, TAK will issue a Tax Certificate, which will enable a change of business form or a change of business ownership.

PROCEDURES FOR CHANGES IN BUSINESS/OWNERSHIP FORM

In accordance with Article 11, paragraph 6 of Law No. 03/L-222 on Tax Administration and Procedures, as well as Article 11, paragraph 3 of the Administrative Instruction No. 15/2010, TAK following the agreement with KBRA, issues this Public Explanatory Decision for changes in business/ownership form, that describes the terms when the changes can be made in business/ownership form, as well as procedures that should be followed.

Changes in business/ownership form may occur when are fulfilled the terms provided in the Law aforementioned, citation:
“Any change in form of business (Personal Business Enterprise to LLC; LLC to Joint Stock Company; General Partnership to Limited Partnership; partnership to corporation; any legal entity to Personal Business Enterprise, and any other similar change in business form) will result in issuance of a new fiscal number to the business. When a business proposes to change its form or ownership, the new business must apply for a new fiscal number under the procedures described in Section 9 of this Administrative Instruction. The old business must request de-registration in accordance with the procedures described in Section 12 of this Administrative Instruction. If the new business will be a VAT taxpayer, it must also register to become a VAT taxpayer and obtain a new VAT Certificate as provided in Section 15 of this Administrative Instruction.”

APPLICATION FOR CHANGES IN BUSINESS/OWNERSHIP FORM AT THE KOSOVO BUSINESS REGISTRATION AGENCY (KRBA)

In cases when the taxpayer requires changing in business/ownership form, for example from Individual Business to Limited Liability Company etc. or changing ownership from business with owner “X” into business with the owner “Y”, then the first step he should undertake is to address this issue to the Kosovo Business Registration Agency (KRBA).

The taxpayer shall be provided with a confirmation from KRBA, that it can undergo the change of the business form or business ownership.

With the document “Confirmation from KRBA”, the taxpayer shall visit the Tax Administration of Kosovo, whereby will submit an application for Tax Certification with the reasoning change in business form or change of business ownership.

APPLICATION FOR CHANGES IN BUSINESS/OWNERSHIP FORM AT THE TAX ADMINISTRATION OF KOSOVO

The taxpayer shall submit an application to the Tax Administration of Kosovo for issuing Tax Certification with the reasoning change of business form or change of business ownership.

The application for issuing a Tax Certification shall be submitted to the relevant Regional TAK office.

The application for Tax Certification shall be attached with the following documentation:

- “Confirmation from KRBA”;
- Copy of Fiscal Number Certificate (FN);
- Copy of VAT Certificate (if any);
- Copy of owner/manager ID card or authorization, if the representative come;
- Tax statement with application date (it can be taken in wicket TES);
- Unprocessed declaration’s copy.

The request should be reviewed within fifteen (15) days from TAK and taxpayer will receive a response if such change shall be immediately approved, or otherwise the taxpayer shall be subject to tax audit procedure according to the legal procedures.
The taxpayer who fulfills the conditions to change the business/ownership form, thus upon verifying there are no outstanding obligations to TAK, shall be equipped with Tax Certification to change the business form or business ownership.

The Tax Certification with the reasoning change of business form or change of business ownership shall be valid only seven (7) days from the date of issuance. Therefore, the taxpayer shall, within the time limit aforementioned, send the Tax Certification to the KBRA whereby will enable the issuance of new Business Registration Number, which will be connected with the old Business Registration Number, as well as issuance of new Fiscal Number, which will be connected with the old Fiscal Number.

The Tax Certification can be obtained (withdrawn) by the taxpayer, only upon submitting (return) the following:

- Original Certificate of Fiscal Number (FN)
- Original Certificate of VAT (if any).

**Attention:**

- If the taxpayer does not submit Tax Certification within 7 days in KBRA, he will not be able to change a business/ownership form and his request will be considered annulled.

- If the taxpayer has a VAT credit to the old business for example Individual Business or business with owner “X”, in case of submitting the request for a change of business/ownership form, can make a request for VAT refunding or may ask that such credit to be carried forward to the business with new status, for example LLC/ or business with owner “Y”.

**OBTAINING CERTIFICATE OF BUSINESS REGISTRATION NUMBER AND FISCAL NUMBER IN KBRA**

With Tax Certificate obtained from TAK for changes in business/ownership form, the taxpayer within 7 days must go to KBRA to initiate new business registration procedures based on request for changing business/ownership form. There will obtain new Certificate for Registering the Business.

Certificate of Registering the Business in cases of changing business/ownership form will contain new number or registering business and new fiscal number as well as old number of registering business and old fiscal number. This means that history of taxpayers will be stored from the beginning of his business with a previous status.

Also in the moment of generating new number of business registration as well as in generating new fiscal number, the closing date will be set automatically from TAK for the old taxpayer and all of the tax accounts will also be closed.
In case of changing status/ownership, the business registration certificate will be as following:

![Business Registration Certificate]

- **Certificate Number**: 7000001
- **Business Name**: "BIZNESI TEST" SH.P.K.
- **Fiscal Number**: 600000002
- **Address**: Republic of Kosovo, Pristina, Pristina
- **Date of Incorporation**: 01.03.2016
- **Date of Registration**: 01.03.2016
- **Signature Date**: 02.03.2016

*Note: The image contains the full certificate with all relevant details.*
ENTRY INTO FORCE

This Public Explanatory Decision shall enter into force on the date signed by the General Director of TAK and the same repeals the Public Explanatory Decision No. 02/2014 – Procedures for transferring the ownership to the change in business form, dated 20 March 2014.

Date: 28/12/2016
Pristina,

TAK General Director