In support of Article 9 of the Law No. 03/L -222 on Tax Administration and Procedures, Director General of Tax Administration of Kosovo issues:

Public Ruling No. 03/2012

Declaration and tax payment by taxpayers on the field of services with annual gross income up to 50,000 Euros

Article 1
Purpose of the Public Ruling

This Public Ruling regulates tax issues for taxpayers that are required to declare and pay tax liabilities under:

a) The Law No. 04/L-104 on Chang and Amendment of Law No 03/L -161 on Personal Income Tax, respectively article 35.

b) The Law No. 04/L-103 on Chang and Amendment of the Law No.03/L-162 on Corporate Income Tax, respectively Article 35.

Article 2
Legal Bases

Under the Law No/L -161 on Personal Income Tax, article 43, paragraph 2 we cite:

2. The amount of each quarterly payment of tax under paragraph 1 of this Article shall be as follows:
2.1. Taxpayers with annual gross income from business activities of up to fifty thousand (€50,000) € who are not required and do not opt to keep the books and records listed in paragraph 4 of Article 33, must pay:
2.1.1. Three percent (3%) of each quarter’s gross income from trade, transport, agriculture and similar economic activities, and but not less than thirty seven Euros and fifty cents (€37.50) per quarter.
2.1.2. Five percent (5%) of each quarter’s gross income from services, professional, vocational, entertainment and similar activities, but not less than thirty seven Euros and fifty cents (€37.50) per quarter.

However under the Law No. 04/L-104 on Chang and Amendment of the Law No.03/L-161 on Personal Income Tax, respectively its Article 3, Article 43 of Basic Law, sub-paragraph 2.1.2 is reworded as following:

2.1.2. nine percent (9%) of gross incomes by services, professional activities, artisan, entertainment and similar of each trimester, but not less than thirty seven point five (37.5)€ for trimester.

Also, under the Law No 03/L -162 on Corporate Income Tax, its Article 35 ,respectively its paragraph 2,we cite:
2. The amount of each quarterly advance payment shall be as follows:
2.1. Taxpayers with annual gross income of fifty thousand (50,000) € or less who are not required to, or do not opt to, submit an annual tax declaration as per Article 34 of this Law shall make the following payments per quarter:
2.1.1. Three percent (3%) of each quarter’s gross income from trade, transport, agricultural and similar commercial activities, but not less than thirty seven euros and fifty cents (€37.50) per quarter.
2.1.2. Five percent (5%) of each quarter’s gross income from services, professional, vocational, entertainment and similar activities, but not less than thirty seven Euros and fifty cents (€37.50) per quarter.
2.1.3. Ten percent (10%) of net rental income for the quarter (gross rental income less the ten percent (10%) allowance provided in paragraph 2 of Article 9 of this Law), reduced by any amount withheld during that quarter pursuant to paragraph 2 of Article 30 of this Law.

But, under the Law No. 04/L-103 on Change and Amendment of the Law No.03/L-162 on Corporate Income Tax, respectively its Article 3, Article 35 of the Basic Law, sub-paragraph 2.1.2 is reworded as following:

2.1.2. nine percent (9%) of gross incomes by services, professional activities, artisan, entertainment and similar of each trimester, but not less than thirty seven point five (37.5)€ for trimester.

**Article 3 Definitions**

**Service Activities** – Work performed for benefit of someone or something, for the money or for the exchange such as vocational activity, craft, entertainment and similar.

As a service activity for the purpose of this Public Ruling will be treated all the activities as determined in current Document of Standard Classification of Activities in conformity with NACE Rev 1 or whatever other document that may be issued in the future on classification of economic activities in Republic of Kosovo.

Example:
• For the services provided, that belong to reparation, only the part of the service that is related to the “manual work” will be taxed with the rate of 9%, whereas replacement of the part (its sailing price) will be treated as a trading activity and be taxed with the rate of 3%.
• For the services provided that belong to the hotel field, only the part of the service related to the accommodation will be taxed with the rate of 9%, whereas service of food and drinks will be taxed with 3%.

**Article 4**

**Subject of Public Ruling**

Subject of this Public Ruling are all taxpayers that exercise any economic activity, that are required to declare and pay taxes under:

• The Law No.03/L-161 on Personal Income Tax, Article 43, paragraph 2.
• The Law No. 03/L 162 on Corporate Income Tax, Article 35, paragraph 2.

**Article 5**

**Entrance into force**

This Public Ruling will have legal effect from the date of entrance into force of the Law 04/L-104 on the Change and Amendment of the Law no. 03/L-161 on Personal Income Tax, as well the Law 04/L-103 on the Change and Amendment of the Law No. 03/L-162 on Corporate Income Tax.

Pristine, on **03/10/2012**

TAK Director General