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

**Public Explanatory Decision No. 12012**
for
Tax Amount on VAT supplies - Public Enterprises

**Article 1**
The purpose of Explanatory Decision

This Explanatory Decision regulates the treatment regarding taxable issues in terms of Value Added Tax (VAT) of the supplies of goods and services, conducted by Public Enterprises (PE).

**Knowing that:**

Based on the Article 24.1 of the Law No. 03/L-146 on Valued Added Tax, of 29 December 2009, each PE is obliged to pay VAT, based on total consideration that need to be paid for supplies of goods and services, cite:

**Article 24 – Taxable amount for supplies of goods and services**

1. General Rule:

1.1. in respect of the supply of goods or services, other than as referred to in the paragraphs 2 and 3 of this Article, the taxable amount shall include everything which constitutes consideration obtained or to be obtained by the supplier, in return for the supply, from the customer or a third party, including subsidies directly linked to the price of the supply.

**Given the following moments:**

- Many PE have faced managerial problems that resulted in non satisfactory invoice registration, low rate of collection for realized invoicing and declaration of incomplete payments of VAT;
- That PE’s provide vital services to the Kosovo citizens and Tax Administration of Kosovo understands the importance of continuing economic survival of PE’s, for the safety, health and lives of the Kosovo citizens;
- on the need to balance the TAK mandate in ensuring tax incomes
on the importance in order to sustain further the business and financial ability of PE’s, in order that they would be able to provide more qualitative services for the citizens in order to give time to the PE’s to fully fulfill their tax obligation regarding VAT, in the future.

Article 2
Decision

Based on the Article 3, paragraph 3.8 of the Law No. 03/L-222 on Tax Administration and Procedures, TAK General Director is authorised to conclude agreements with central and local Public Enterprises, to defer enforcing collection of tax, for the purpose of assisting PE’s privatisation or to provide continuation of their activities. Thus, considering legal authorisation given above, TAK Director has decided that:

Public Enterprises in term of VAT (related to the taxable amount) to be done as follows:

- Public Enterprises will submit VAT declaration forms being based on this Public Explanatory Decision.

- No adjustment will be made to the VAT (statements correction) in cases where the PE has paid VAT (self-declaration), based on the amounts billed to its customers, before this Explanatory Decision enters in force.

- In cases where the PE’s have declared according to the billing and have unsettled obligations to TAK, and as such were not able to realize the payments are permitted to make adjustments, necessary to comply with this explanatory decision.

- In cases where there have been estimates (control) by TAK, the correction will be made by ATK, based on this explanatory decision.

- Penalties and interest levied during the period while this Explanatory Decision will be applicable, shall continue to be payable, if they come up to the fact that the PE will be delayed on submission of a VAT statement or fails to timely pay the amount of VAT is currently collected from its customers.

- PE shall apply the provisions of Article 43 of Law No.03/L-146 for VAT regarding bad debts, in all cases where the billing is intended for businesses that are subject to VAT.
Article 3

PE’s- subjects of this Explanatory Decision

Subject of this Explanatory Decision are all PE’s, except for: Post Telecommunication of Kosovo J.S.C

Article 4

Implementation

The implementation of Explanatory Decision will be done as follows:

- Billed amount and non-collected will be declared in column:

[10] Supplies treated as export with the lending right

- Collected amount will be declared in the column:

[12] Taxable sales with the rate 16%

Example for illustration:

- Assuming the billing amount to a taxable person was \( = 25,000 \) €
- The amount collected was \( = 20,000 \) €
- Local taxable purchases were \( = 10,000 \) €

Referring to the above mentioned data, according to the Law No.03/L-146 on VAT, VAT tax declaration, in this case, will look like the following:

[12] Taxable sales with the rate 16\% \( = 25,000 \) €

[13] Calculated VAT \( = 4,000 \) €

[31] Local taxable purchases \( = 10,000 \) €

[31] Deductable VAT \( = 1,600 \) €

[48] VAT that needs to be paid \( = 2,400 \) €.
While, referring to the above mentioned data, according to the Public Explanatory Decision, VAT tax statement will look like the following:

\[
\begin{align*}
\text{[10]} & \quad \text{Supplies treated as export with the lending right} & = & \ 5.000 \ € \\
\text{[12]} & \quad \text{Taxable sales with the rate 16\%} & = & \ 20.000 \ € \\
\text{[13]} & \quad \text{Calculated VAT (20.000*16\%)} & = & \ 3.200 \ € \\
\text{[31]} & \quad \text{Local taxable purchases} & = & \ 10.000 \ € \\
\text{[31]} & \quad \text{Deductible VAT (10.000*16\%)} & = & \ 1.600 \ € \\
\text{[48]} & \quad \text{VAT the needs to be paid (3200-1600)} & = & \ 1.600 \ €.
\end{align*}
\]

Article 5
Entry in Force

This decision enters in force on the signing date and will have retroactive effect from January 1, 2009. The same will continue to be applied until August 31, 2013.

Data: 01/03/2012

Mr. Bajrami Haliti
TAK General Director