



**Central Fiscal Authority**



## **ADMINISTRATIVE INSTRUCTION**

**No. 01/2002, Date 20 of February, 2002**

### **ON IMPLEMENTATION**

**OF**

### **PERSONAL INCOME TAX IN KOSOVO**

The Head of Central Fiscal Authority,

Hereby gives the following Administrative Instruction:

#### Section 1 Definitions

The term "Regulation" in this Administrative Instruction shall mean the UNMIK Regulation No.2002/4, dated 20<sup>th</sup> of February 2002, "On Personal Income Tax in Kosovo".

#### Section 2 Principal Employer

- 2.1 Section 1 of the Regulation, which defines the "Principal Employer" provides for the employee to designate the principal employer. Each employee, whether working for one or more employer, shall designate the principal employer. For the initial designation each employee shall let the employer know if he/she is designated as principal employer. The employer shall supply Tax Administration with the list of employees who designated him/her as principal employer by filling out the form called "Initial Principal Employer Designation Form". This form should be submitted to the Regional Tax Administration Office by April 15<sup>th</sup>, 2002. The format is given here below:

## Initial Principal Employer Designation Form

[1] Name of the Employer  [1] Serial Number

[2] Registration Number of Employer  [2]   
 [Put the Business Registration Number, NGO Registration Number or Employer Registration Number issued by Tax Administration]

[3] Owner/Manager  [3] [4] Tel:  [4]

[5] Address of the Employer  [5] [6] Tel:  [6]

**[7] List of the employees designating the above employer as their principal employer:**

No	Name of the Employee	UNMIK Personal Number or Individual Taxpayer Number (*)	Address of the Employee	Telephone number of the employee	Commencement date of employment	Position of the employee
1.						
2.						
3.						
n.						

(\*) If the employee does not have an UNMIK Personal Number he/she has to apply to Tax Administration for getting an Individual Taxpayer Number

Name and Signature of the Employer/Designated Person  
 ( \_\_\_\_\_ )

dd/mm/vv  
 \_\_\_\_/\_\_\_\_/\_\_\_\_

- 2.2 Employees who start employment after April 1, 2002 shall designate a principal employer within 15 days from the commencement date of employment by filling out and submitting the Principal Employer Designation Form to Tax Administration. The format is shown in section 2.4 of this Administrative Instruction.
- 2.3 An employee who changes principal employer shall designate the new principal employer within 15 days from the change by filling out and submitting the Principal Employer Designation Form to Tax Administration. The format is shown in section 2.4 of this Administrative Instruction.
- 2.4 The format of the Principal Employer Designation Form is given here below:

<b>Principal Employer Designation Form</b>			
[1]Name of the Employee	<input style="width: 95%;" type="text"/>	[2]Serial Number	<input style="width: 95%;" type="text"/>
[3]UNMIK-PN/Individual Taxpayer Number(*)	<input style="width: 95%;" type="text"/>		
[4]Address of the Employee	<input style="width: 95%;" type="text"/>	[5] Telephone	<input style="width: 95%;" type="text"/>
[6]Position/title	<input style="width: 95%;" type="text"/>		<input style="width: 95%;" type="text"/>
[7]Employment commencement date	<input style="width: 95%;" type="text"/>		
<b>I, the undersigned hereby designate the following employer as my principal employer.</b>			
[8]Name of the employer	<input style="width: 95%;" type="text"/>		
[9]Registration Number of	<input style="width: 95%;" type="text"/>		
the Employer [Put the Business Registration Number, NGO Registration Number or Employer Registration Number issued by Tax Administration]			
[10]Owner/Manager	<input style="width: 95%;" type="text"/>	[11]Tel.	<input style="width: 95%;" type="text"/>
[12]Address of the employer	<input style="width: 95%;" type="text"/>	[13]Tel.	<input style="width: 95%;" type="text"/>
<b>(*) If the employee does not have an UNMIK Personal Number he/she has to apply to the Tax Administration for getting an Individual Taxpayer Number at the time and in the manner as explained in the Tax Guide.</b>			
Name and Signature of the Employee		dd/mm/yy	
(_____)		____/____/____	

Section 3  
Gross Income

- 3.1 Per section 3.2(i) of the Regulation, 'Gross Income' includes in-kind benefits given by an employer to an employee that exceed a de minimus amount. For the purpose of this regulation, the de minimus amount shall be of 50 EUR monthly.
- 3.2 Per section 3.3(b) of the Regulation, 'Gross Income from Wages' shall not include the reimbursement of actual business travel expenses. For the purpose of this regulation, business travel expenses include transportation, lodging and meals for business trips but do not include allowances for commuting to and from the place of work. The following conditions must be met to qualify for business travel expenses:
- The business trip must have been authorized in writing by the proper management level;
  - The purpose of the business trip must be clearly stated;
  - A travel claim must be submitted to the employer in accordance with the employer's travel allowance policy;
  - The amount reimbursed for lodging must be within a limit set in the employer's travel allowance policy document;
  - The amount reimbursed for transportation must be the actual cost of public transportation or a reasonable amount per kilometer stated in the employer's travel allowance policy document if the employee uses his/her own vehicle;
  - The amount reimbursed for meals must be a specified amount per breakfast, lunch or dinner stated in the employer's travel allowance policy document but it shall not be higher than 10 euro per day trip and 20 euro for overnight trips inside Kosovo. For trips outside Kosovo it shall not exceed the applicable UNMIK rates;
  - The business travel expenses must be fully recorded in the employer's book of accounts.

Section 4  
Withholding Tax and Certificate of Withholding

- 4.1 Section 7.2 of the Regulation states that the employee's principal employer shall withhold an amount of tax for the appropriate payroll period. The tax to be withheld is calculated based on tax tables that are attached as annex 1 of this Administrative Instruction. The procedure on how to use the tax tables and how to calculate the personal income tax for the nine months period for the tax period 2002 shall be defined in an Administrative Direction.
- 4.2 Section 7.5 of the Regulation states that each employer shall provide by 1 March of the year following the tax period a certificate of withholding to every employee from whose wage tax has been withheld during the tax period. The certificate shall also contain Mandatory Pension Contribution data to be defined in a subsequent Tax Administration Rule. The Certificate of Withholding format is given here below:

## Certificate of Mandatory Pension Contribution and Tax Withholding

[1]Name of the employer	<input type="text" value="f11"/>		
[2]Employer's Registration Number	<input type="text" value="f21"/>		
[3]Address of the employer	<input type="text" value="f31"/>	[4]Tel:	<input type="text" value="f41"/>
[5]Owner's/director's name	<input type="text" value="f51"/>	[6]Tel:	<input type="text" value="f61"/>

**This Certificate of Mandatory Pension Contribution and Personal Income Tax Withholding is issued to the following employee:**

[7]Name of the employee	<input type="text" value="f71"/>		
[8]UNMIK-PN/Individual Taxpayer Number	<input type="text" value="f81"/>		
[9]Address of the employee	<input type="text" value="f91"/>	[10]Tel:	<input type="text" value="f101"/>

I declare that the data shown hereby are true:

Tax Period covered	Gross Income	Employer's Pension Contribution (*)	Employee's Pension Contribution	Tax Withheld
[11]	[12]	[13]	[14]	[15]
<input type="text" value="[11]"/>	<input type="text" value="[12]"/>	<input type="text" value="[13]"/>	<input type="text" value="[14]"/>	<input type="text" value="[15]"/>

Name, Signature and Stamp of the Employer/Designated Person dd/mm/yy  
 ( \_\_\_\_\_ ) \_\_\_\_/\_\_\_\_/\_\_\_\_

(\* ) Employer's Pension Contribution is neither deductible from Gross Income nor inclusive in the Gross Income

### Section 5 Duty to Keep Records

5.1 Section 8 of the Regulation states that each employer shall keep accounts of the tax withheld for each employee and shall keep books and records. For the purpose of this Regulation, the following books and records are required:

- a) a monthly wage book;
- b) a monthly payroll record;
- c) an annual payroll record;

5.2 A wage book where all the monthly payrolls are reflected is required. The information for each employee should be kept in a separate page of the book. Each page should contain at least the following information:

Employer's name

( \_\_\_\_\_ )

Employer's Registration Number

\_\_\_\_\_

First Name/Last Name of the Employee ( _____ )				Individual Taxpayer Number _____				
Month	Gross Wages	Allowable Deductions (Employee's pension contribution)	Taxable Income	Tax withheld and remitted				Ref. on remittance doc.
				Tax withheld		Tax Remitted		
				Monthly	Cumulative	Monthly	Cumulative	
[a]	[b]	[c]=[b]x5%	[d]=[b]-[c]	[e]	[f]	[g]	[h]	[i]
Jan.								
Feb.								
Mar.								
April								
May								
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total								

5.3 A monthly payroll record summarizing all wage payments to the employees is required.

As a minimum, the payroll record must include:

- a) the employee's name;
- b) the employee's identification number;
- c) the gross wage payment;
- d) employee's contribution to a Pension Scheme allowable as a deduction;
- e) taxable income
- f) the tax withheld
- g) the wage paid after tax.

A sample record of the monthly payroll record is set forth below:

Employer's name  
 ( \_\_\_\_\_ )

Payroll for the month  
 ( \_\_\_\_\_ / \_\_\_\_\_ )

No.	Name/Last name of the employee	Individual Taxpayer Number	Gross Wages for the month	Employee's Pension Contribution allowable as a deduction	Taxable Income	Tax withheld	Wages paid after tax
a	b	c	d	$e=5\% \times d$	$f=d-e$	g	$h=f-g$
1.							
2.							
n.							
TOTAL							

5.4 An Annual Payroll Record which is the summary of the Monthly Payroll Record shall be prepared and submitted to Tax Administration along with the Annual Tax Reconciliation Statement described in section 6.2 of this Administrative Instruction. A sample of the Annual Payroll Record is set forth below:

Employer's Registration Number: \_\_\_\_\_

Employer's name: \_\_\_\_\_

Payroll for the tax year: \_\_\_\_\_

No.	Name/Last name of the employee	Individual Taxpayer Number	Gross Wages for the tax period	Annual Employee's Pension Contribution	Annual Taxable Income	Tax withheld	Wages paid after tax
a	b	c	d	$e=5\% \times d$	$f=d-e$	g	$h=f-g$
1.							
2.							
n.							
TOTAL							

## Section 6

### Tax Statements, Tax Declaration and Tax Remittance

- 6.1 Section 9.1 of the Regulation states that each employer shall submit a statement of tax withholding and remit the correct amount of tax withheld to the Tax Administration. For the purpose of this Regulation, each employer shall submit a monthly Statement of Tax Withholding and Remittance and remit the full amount of wage tax withheld to an authorized bank on or before the 15<sup>th</sup> of the month following the month in which wages are paid or accrued.
- 6.2 A bank transfer may be made in lieu of a cash remittance. The money transfer order must be attached to the Statement of Tax Withholding and Remittance at the time of filing.
- 6.3 Employers who pay wages more frequently than once per month and who want to withhold and remit the tax more frequently than once per month may do so by filling out the Statement of Tax Withholding and Remittance form and by indicating whether it is a correction or an additional remittance for that month.
- 6.4 The Statement of Tax Withholding and Remittance must be submitted in one of the authorized banks in Kosovo and the tax must be remitted in full at the same time. The Statement of Tax Withholding and Remittance form is designed in three copies. The first and second copies must be kept by the bank and the third copy must be given to the employer. The format of the Statement of Tax Withholding and Remittance is given here below:





# STATEMENT OF TAX WITHHOLDING AND REMITTANCE FORM



[1] Filing Period: [1] (MM/YYYY) [2] Serial Number [2]WM

[3] Employer's Registration Number: [3]

[4] Employer's Name [4]

[5] Employer's Address [5]

[6] Telephone [6]

[6] Contact Person's Name [6]

[6] Telephone [6]

[7] Put 'X' on the appropriate box if not filing for the first time for this filing period.  
 Addition       Correction

[8] Gross wages for the month: [8]

[9] Tax withheld/remitted for the month: [9]

**Data on number of employees per category of income:**

Total number of employees for the month	Number of employees earning wages up to 50 Euro inclusive	Number of employees earning wages from 51-250 Euro inclusive	Number of employees earning wages over 250 Euro
[10]	[11]	[12]	[13]

**I declare that facts reported in this Statement are true.**

First Name/Last Name/Signature and Stamp ( ) dd/mm/yy  
 \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_

Bank Payment Information				
Account Number	Branch/Transfer Reference	No.	Euro	Value
Account Holder/Kosovo Consolidated Budget	Date/Signature/Seal		500	
			200	
Currency	Amount		100	
Customer Ref.	Value Date		50	
Text			20	
			10	
			5	
			2	
			1	

6.5 Per section 9.2 of the Regulation, each employer shall submit an annual tax reconciliation statement to the Tax Administration within 30 days of the end of the tax period. The annual

tax reconciliation statement is a summary of the monthly Statement of Tax Withholding and Remittance.



## ANNUAL TAX RECONCILIATION STATEMENT FORM



[1] Tax Period:	[1]	[2] Serial Number:	[2]WA
[3] Employer's Registration Number:	[3]		
[4] Employer's Name	[4]		
[5] Employer's Address	[5]		
		Telephone	
[6] Contact Person's Name	[6]	Telephone	

[7] Put 'X' on the appropriate box if not filing for the first time for this filing period.  
 Addition       Correction

[8] Gross wages for the tax period: [8]

[9] Tax withheld for the tax period: [9]

[10] Tax remitted for the tax period: [10]

Note: Each employer must attach a copy of the Annual Payroll Record to this form.

**I declare that facts reported in this Statement are true.**

First Name/Last Name/Signature and stamp  
(\_\_\_\_\_)

dd/mm/yy  
\_\_/\_\_/\_\_

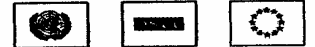
6.6 Per section 9.3 of the Regulation each taxpayer whose employer has not withheld the entire tax due with respect to taxable income shall be required to submit a tax declaration. The format is given here below:



EUROPEAN UNION

# DECLARATION AND PAYMENT FORM FOR PERSONAL INCOME TAX

# UNMIK



United Nations Interim Administration Mission in Kosovo

[1] Tax Period: [1] [2] Serial Number: [2]PI

[3] UNMIK PN/Individual TaxpayerNumber: [3]

[4] Taxpayer's Name [4]

[5] Taxpayer's Address [5]

[6] Telephone [6]

[7] Put 'X' on the appropriate category if not filling for the first time for this tax period.

Addition  Correction

[8] Gross Income for the Tax Period.....	[8]
[9] salaries	9
[10] bonuses, commissions, compensation	10
[11] income earned under contracts for temporary work	11
[12] pensions and other income	12
[13] income from prospective employment	13
[14] insurance premiums that an employer pays for the employee	14
[15] forgiveness of an employee's debt or obligation to the employer	15
[16] payment of an employee's personal expenses	16
[17] in-kind benefits	17
[18] Others (specify)	18
[19] Allowable Deduction.....	[19]
[20] Taxable Income [20] = [8] - [19].....	[20]
[21] Tax due based on Taxable Income (to be calculated in accordance with the tax tables).....	[21]
[22] Tax withheld by the employers.....	[22]
[23] Tax Due [21] - [22] if [21] > [22].....	[23]
[24] Tax Credit [22] - [21] if [22] > [21].....	[24]

[25] If there is tax credit, put 'X' on the appropriate box.

Apply tax credit towards next year's liabilities  Refund tax credit

[26] Bank Account Number: [26]

dd/mm/yy

I declare that facts reported in this tax declaration are true. ( ) / /

Bank Payment Information				
Account Number	Branch/Transfer Reference	No.	Euro	Value
Account Holder/Kosovo Consolidated Budget	Date/Signature/Seal		500	
			200	
Currency	Amount		100	
Customer Ref.	Value Date		50	
Text			20	
			10	
			5	
			2	
			1	

- 6.7 Section 9.7 of the Regulation provides for the location for submitting tax statements, tax declarations, remitting tax and claiming refunds. For the purpose of this regulation:
- (a) Employers shall submit their statements and remittances at the authorized banks.
  - (b) Taxpayers who have additional tax due shall submit their declaration and remittances at the authorized banks.
  - (c) Taxpayers who are entitled to a tax refund shall submit their tax declaration at the regional tax offices.
- 6.8 Where the filing deadline for the Statement of Tax Withholding and Remittance Form, Annual Tax Reconciliation Statement Form and the Tax Declaration and Payment Form is a Sunday or National Holiday, these documents shall be submitted at the latest on the first working day following the Sunday or National Holiday.

### Section 7

#### Entry into force

The Present Administrative Instruction enters into force on the same date as the Regulation 2002/4 'On Personal Income Tax in Kosovo'.

Mike IVES

Head of Central Fiscal Authority