



**REPORT ON THE TAX REIMBURSEMENT
PERFORMANCE PROCESS
FOR THE PERIOD JULY-SEPTEMBER 2018**

DECEMBER 2018

Reporting period: July-September 2018 (Q3 2018)

Report is compiled and edited by:

Source of data from the new refund module (IT) system

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Ky raport përpilohet nga të dhënat e performancës së Administratës Tatimore të Kosovës (ATK) që mblidhen nga Moduli Elektronik i Menaxhimit të Rimbursimeve. Moduli në fjalë është adoptuar nga ATK-ja si pjesë e reformave të ATK-së dhe Ministrisë së Financave në kuadër të agjendës së Qeverisë së Kosovës për përmirësimin e ambientit afarist. Përmes menaxhimit të bazuar në performancë, ATK –ja synon të shkurtojë kohën e rimbursimit dhe të lehtësojë edhe më tutje barrën e administrimit tatimor për tatimpaguesit.

On February 2017, TAK has adopted Internal Regulation on Tax Reimbursement Procedures (<http://www.atk-ks.org/ep-content/uploads/2017/08/Rregullore-e-Brendshme-per-Procedurat-e-rimbursimit-te-TVSH-se2c-TAP-dhe-TAK-1.pdf>) me anë të së cilës ka ndërmarrë reformat në vijim: 1) ka eliminuar kërkesën fizike për rimbursim dhe ka integruar të njëjtën në deklaratat tatimore digjitale; 2) ka shkurtuar afatin e rimbursimeve nga kufiri ligjor prej 60 ditësh në 30 ditë; 3) ka adoptuar menaxhim të kërkesave për rimbursim sipas rrezikut dhe 4) ka eliminuar kontrollin tatimor si biznese të vogël.

Bazuar në këtë proces të reformuar, në qershor 2018 ATK-ja ka adoptuar modulën elektronik të rimbursimeve që: 1) mundëson delegimin, procesimin dhe shënim - mbajtjen elektronike të tërë procesit të rimbursimit; 2) ofron të dhëna kredibile për monitorimin e indikatorëve të performancës; dhe 3) mundëson përcjelljen e statusit të kërkesës për rimbursim nga vetë tatimpaguesi përmes sistemit elektronik EDI.

Reforma e procesit të rimbursimeve është mbështetur vazhdimisht nga asistenca teknike e misionit të USAID-it në Kosovë. Ky raport publikohet në baza të rregullta tremujore nga ATK-ja. Rezultatet vjetore të performancës publikohen së bashku me të dhënat tremujore gjatë tremujorit të katërt të vitit dhe integrohen në raportin vjetor të punës së ATK-së.

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1. SUMMARY

In the third quarter of 2018 (Q 2018), the Tax Administration of Kosovo (TAK) received 744 tax reimbursement claims, out of which 536 has approved, while 208 claims has rejected. On behalf

of the approved claims, TAK has reimbursed EUR 5.5 million, where EUR 5.2 million has been reimbursed for Value Added Tax (VAT) tax refund claims.

The average working days for processing of a claim up to the day of refund (reimbursement) during the third quarter of 2018 was 21.9 days, starting from 26.83 days in July and decreasing to 15.9 days in September. For VAT, the quarterly average of reimbursement days is 18.63 days, while for TAK was (or is) 22.73 days.

According to the risk profile, reimbursement claims for low-risk taxpayers have been completed within a quarterly average of 20.40 days, which is still higher than the requirements of the new regulation on the reimbursement process. However, as this is the first period of implementation of the reformed system, it is expected that by the end of the year there will be full application of the new deadlines for refund. On the other hand, the medium-risk taxpayers' claims have been addressed within a quarterly average of 19.73 working days under the new deadline of refund, while the high-risk taxpayers' claims have been completed within 25.50 days.

According to TAK regional centres in the performance of the claim reimbursement leads Prishtina 1, which has processed the highest number of claims of 155 cases. The lowest average of the days spent in the reimbursement process is Prizren 2, within a quarterly average of 5.3 days. Value Added Tax refund claims quickest have been reviewed by the Prizren 2 regional centre for an average of 8.6 days.

The highest reimbursement value in a quarter was executed by Prishtina 2 regional centre, worth EUR 1.47 million. The highest VAT refund claims have been approved by Prishtina 2 regional centre, in the amount of EUR 231,480.

2. NUMBER AND STATUS OF REIMBURSEMENT CLAIMS

All claims submitted to TAK regional centres are presented in the table below. In the "All" column is given the total number of claims, while other columns indicate the filtering of these claims in the reimbursement processes, how many are pending, how many are approved and how many are rejected and cancelled.

Table 1: Refunds Q3 2018, by regions.

Region	All	Pending	Approved	Rejected	Cancelled
LTD	11	0	7	4	0
FERIZAJ	52	0	41	11	0
GJAKOVA	46	0	36	10	0
GJILAN	40	0	34	6	0
MITROVICA	66	0	33	33	0
PEJA	75	0	50	25	0
PRISHTINA 1	155	0	120	35	0
PRISHTINA 2	118	0	93	25	0
PRISHTINA 3	79	0	42	37	0
PRIZREN 1	51	0	43	8	0
PRIZREN 2	51	0	37	14	0

The total number of reimbursement claims is 744, out of which, 0 are pending claims, while 536 claims are approved and 208 claims are rejected, whereas 0 claims are cancelled.

3. AVERAGE REFUND TIME

This indicator will indicate the average value of the duration of the claim reimbursement process made over a 3 month period from all TAK regions. This indicator will generally present TAK performance if the average duration of the reimbursement process is within the timeframe determined by tax reform indicator of tax payments.

During the period July - September 2018, there is a total of 744 reimbursement claims declared by taxpayers, there are 0 reimbursement claims waiting to be reviewed, 536 claims are approved, 208 claims are rejected and 0 claims cancelled.

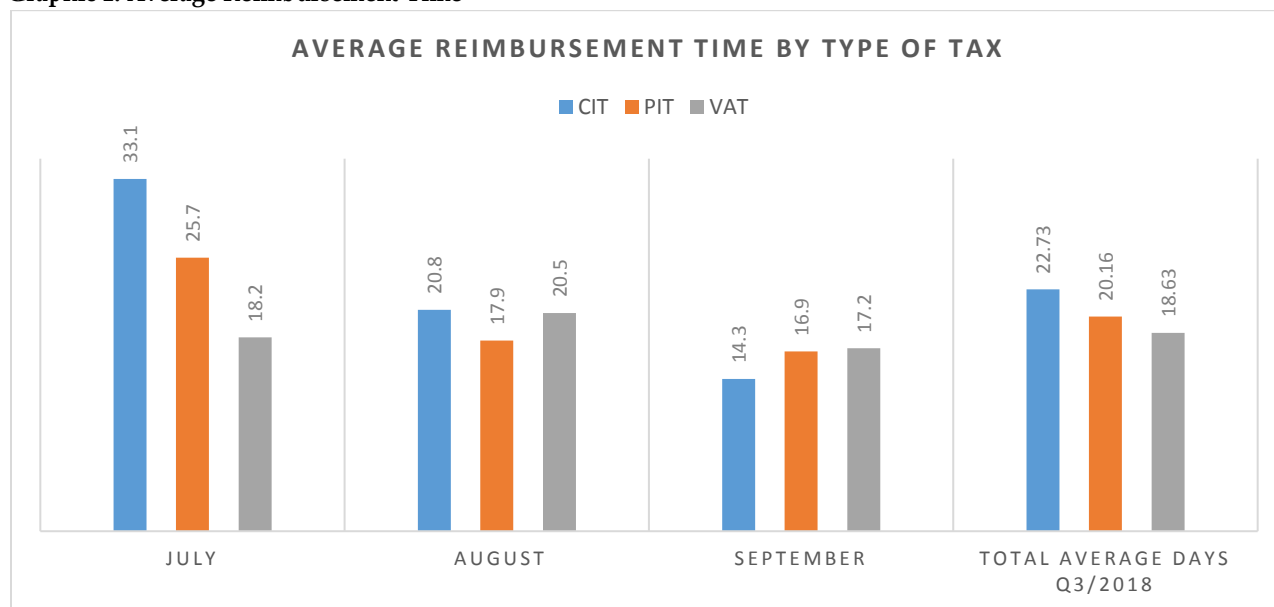
In Category A, a total of 416 reimbursement claims were received, in Category B were handled 308 reimbursement claims and in Category C were handled 20 reimbursement claims.

Table 2: The average days for the refund process of all three categories are 21.87 working days.

	July	August	September	Total Q3 2018 (approved and rejected)
Total number of claims	232	264	248	744
Duration (weighted average working days)	26.83	22.9	15.90	21.87

Table 2 shows that for the period July-September 2018 there were 744 reinforcement claims by taxpayers for all types of taxes, where for PIT there are 462 claims, for CIT 92 claims and for VAT 190 claims.

Graphic 1: Average Reimbursement Time



The average time according to all TAK regional centres for July is in this order: for CIT is 33.1 average refund days, for PIT is 25.7 days and for VAT is 18.2 days. In August for CIT is 20.8 average days, for PIT is 17.9 days and for VAT is 20.5 average refund days. Unlike July and August, in September there are significant improvements and faster time for reimbursement, where for CIT is 14.3 average days, for PIT is 16.9 average days and for VAT it is 17.2 average days. The total of Q3 / 2018 is in this order: 22.73 average days for reimbursement of Corporate Income Tax, 20.16 average days for Personal Income Tax and 18.63 average days for refund of Value Added Tax.

3.1. The Average Reimbursement Time by the type of tax

Table 3: The Average Reimbursement Days by types of taxes

TYPES OF TAXES	July	August	September	Total Q3/2018
CIT	33.1	20.8	14.3	22.73
PIT	25.7	17.9	16.9	20.16
VAT	18.2	20.5	17.2	18.63

Regarding the Reimbursement Days by types of taxes for CIT is an average of 22.73 days, for PIT is an average of 20.16 days and for VAT is an average of 18.63 days, which compared with other types of taxes represents the longest time spent. In total, the average is 20.50 working days.

Table 4: Average Reimbursement Days for Value Added Taxes

Region	July	August	September	Total Q3/2018
	Average Reimbursement Days			
LTD	8.0	22.5	28.1	19.5
FERIZAJ	18.4	13.3	15.4	17.7
GJAKOVA	13.0	0.0	11.8	12.4
GJILAN	10.1	8.6	9.8	9.5
MITROVICA	32.8	26.1	36.1	31.6
PEJA	27.3	45.3	25.2	32.6
PRISHTINA 1	13.8	20.3	18.8	17.6
PRISHTINA 2	12.7	19.7	17.8	16.7
PRISHTINA 3	38.8	23.5	15.6	25.9
PRIZREN 1	9.8	7.1	8.9	8.6
PRIZREN 2	11.6	18.1	9.7	13.1
Total	17.84	20.45	17.92	18.63

The Average Refund Days for Value Added Tax by regional centres in LTD is 19.53 days.

In Ferizaj is 17.70 days, in Gjakova is 12.40 days, in Gjilan is 9.50 days, in Mitrovica is 31.66 days, in Peja is 32.60 days, in Prishtina 1 the average is 17.63 days, Prishtina 2 has an average of 16.73 days, Prishtina 3 has 25.96 days, Prizren 1 has an average of 8.60 days and Prizren 2 has an average of 13.13 days. And Average Refund Days in total is 18.63.

Table 5: Average Reimbursement Days for Corporate Income Taxes

Region	July	August	September	Total Q3/2018
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	Average Reimbursement Days			
LTD	0.0	17.9	3.7	10.6
FERIZAJ	0.0	50.4	0.0	50.4
GJAKOVA	30.6	0.0	18.8	24.7
GJILAN	1.9	13.0	8.2	7.7
MITROVICA	31.7	5.0	37.8	24.8
PEJA	0.0	9.6	33.4	21.5
PRISHTINA 1	24.5	23.60	14.40	20.83
PRISHTINA 2	56.3	12.10	17.90	28.76
PRISHTINA 3	50.10	18.10	14.30	27.50
PRIZREN 1	11.90	0	7.20	9.55
PRIZREN 2	10.5	6.7	5	7.40
Total	27.18	17.37	16.07	20.20

The number of Average Refund Days for Corporate Income Tax by regional centres is the following: LTD 10.58 days, Ferizaj 50.40 days, Gjakova 24.70 days, Gjilan 7.70 days, Mitrovica 24.83 days, Peja 21.50 days, Prishtina 1 has 20.83 days, Prishtina 2 has 28.76 days, Prishtina 3 has 27.50 days, Prizren 1 has 9.55 days and Prizren 2 has 7.40 days. The total for Corporate Income Tax is 20.20 Average Refund Days

Table 6: Average Reimbursement Days for **Personal Income Taxes**

Region	July	August	September	Total
	Average Reimbursement Days			
LTD	0.0	25.8	8.4	17.10
FERIZAJI	12.3	13.9	10.6	12.26
GJAKOVA	17.9	14.0	16.4	16.10
GJILANI	5.5	32.3	4.5	14.10
MITROVICA	39.5	16.4	40	31.96
PEJA	48.9	19.2	18.2	28.76
PRISHTINA 1	44.4	24.2	14.6	27.73
PRISHTINA 2	12.5	10.2	12.6	11.76
PRISHTINA 3	48.10	20.4	17.9	28.80
PRIZRENI 1	7.6	9.3	6.4	7.76
PRIZRENI 2	7.5	3.8	4.8	5.36
Total	24.42	17.22	14.03	18.55

The number of Average Refund Days for Personal Income Tax by regional centres is the following: LTD has 17.10 days, Ferizaj has 12.26 days, Gjakova has 16.10 days, Gjilan has 14.10 days, Mitrovica has 31.96 days, Peja has 28.76 days, Prishtina 1 has 27.73 days, Prishtina 2 has 11.76 days, Prishtina 3 has 28.80, Prizren 1 has 7.76 and Prizren 2 has 5.36 average days. The total of Personal Income Taxes is 18.55 Average Refund Days.

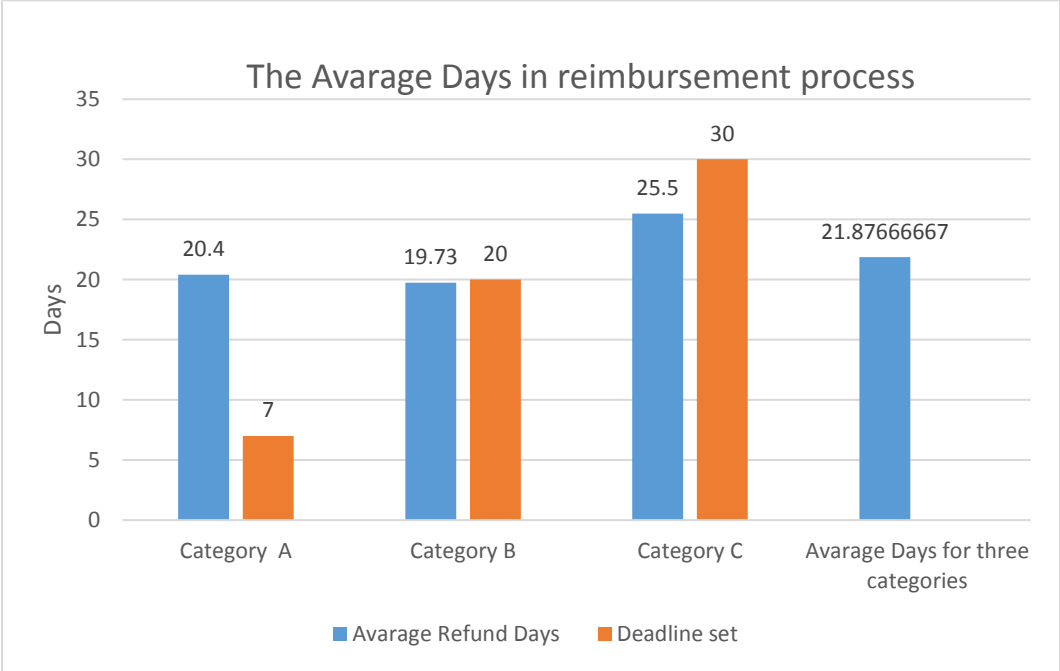
3.2. Average Reimbursement Time by risk profile

According to TAK Internal Regulation on Reimbursement Procedures, taxpayers who submit a claim for reimbursement are divided into three categories: A - low risk; B - with medium risk and

category C- with high risk. According to this regulation, the reimbursement period for category A is limited to 7 days, for Category B the reimbursement period is limited to 20 days, whereas for Category C the reimbursement period should be completed within 30 days. For the purpose of this report, calculated days are the working days.

In the first quarter of the full implementation of the new reimbursement process (Q3 2018), the performance results according to the electronic reimbursement module are as follows:

- Category A: The Average Reimbursement is 20.40 days.
- Category B: The Average Reimbursement is 19.73 days.
- Category C: The Average Reimbursement is 25.50 days.



Graph II. Average Refund Days process for total of claims.

3.3. Average Reimbursement Time by tax regions.

Table 7. The Average Reimbursement Time by the tax regions

Region	July	August	September	Total TM3/2018
Average Reimbursement Days				
LTD	7.3	15.5	12.2	11.67
FERIZAJ	6.4	12.0	10.1	9.50
GJAKOVA	12.8	12.6	14.2	13.20
GJILAN	31.8	14.6	32.4	26.27
MITROVICA	38.8	24.9	19	27.57
PEJA	27.9	18.4	14.0	20.10
PRISHTINA 1	14.1	12.5	11.4	12.67
PRISHTINA 2	26.5	14.7	18.9	20.03
PRISHTINA 3	5.0	9.0	5.4	6.47
PRIZREN 1	6.0	3.6	6.5	5.37
PRIZREN 2	6.6	12.8	6.0	8.47

From the table above, it could be noticed that the region which spends less average reimbursement working days is Prizren 2 with an average of 5.3 days, while the region that has spent most average reimbursement days is Peja of 27.5 days.

4. REIMBURSEMENT VALUES

4.1. Amounts reimbursed by types of taxes

Table 8: Approved reimbursement values by regions and types of taxes (CIT, PIT and VAT).

Q3/2018	VAT	PIT	CIT	TOTAL Q3/2018
JULY	1,091,277.23	66,821.20	12,876.30	1,292,002.00
AUGUST	2,346,678.60	43,855.40	30,362.50	2,420,896.60
SEPTEMBER	1,865,624.50	71,784.80	50,990.90	1,988,400.30
Total	5,303,580.36	182,461.40	94,229.70	5,580,271.51

Reimbursement amounts from TAK for the period July-September 2018 is a total of EUR 5,495,699.50, where the biggest amount reimbursed is from the Value Added Tax.

4.2. Reimbursed values by taxation regions

Table 9: Reimbursed values approved by tax types in TAK regional centers in Kosovo

Regions	CIT	PIT	VAT	TOTAL Q3/2018
		<i>in Euro</i>		
LTD	13,555	13,144	543,795	570,494
FERIZAJ	1,778	13,059	818,133	832,970
GJAKOVA	7,583	4,032	90,950	102,565
GJILAN	6,619	10,344	101,062	118,025
MITROVICA	8	12,879	43,835	56,722
PEJA	67	8,629	545,989	554,685
PRISHTINA 1	46,634	41,250	430,660	518,544
PRISHTINA 2	4,295	49,643	1,416,550	1,470,488
PRISHTINA 3	12,253	7,582	681,188	701,023
PRIZREN 1	511	10,461	399,932	410,904
PRIZREN 2	923	11,433	231,481	243,837
TOTAL				5,580,257

ANNEX

I: Average reimbursement time by taxation regions and types of taxes

Average number of days for reimbursement claims processes including delegation, review and approval

REGION	July	August	September
LTD			
Total number of claims	2	2	6
Timeframe (average number of business days) :			
Delegation	0	0	0
Review	7.1	13	12
Approval	0.2	2.5	0.2
Rejection	0	3.9	0.4
FERIZAJ			
Total number of claims	39	24	13
Timeframe (average number of business days):			
Delegation			
Review	4.5	10.90	9.1
Approval	1.9	1.1	1
Rejection	3.2	1.7	1.5

GJAKOVA			
Total number of claims	6	17	15
Timeframe (average number of business days) :			
Delegation			
Review	12.6	12.6	14.2
Approval	0.2	0	0
Rejection	0.2	0	0.7
MITROVICA			
Total number of claims	0	57	13
Timeframe (average number of business days) :			
Delegation			
Review	20.1	10.3	26
Approval	11.7	4.3	6.4
Rejection	9.1	4.7	9.3
PEJA			
Total number of claims	2	28	32
Timeframe (average number of business days) :			
Delegation			
Review	35.5	23.20	15.60
Approval	3.3	1.7	3.4
Rejection	2.6	1.9	1.6
PRISHTINA 1			
Total number of claims	69	56	76
Timeframe (average number of business days) :			
Delegation			
Review	23.5	17.8	13.5
Approval	4.4	0.6	0.5
Rejection	0.7	0.4	1.1
PRISHTINA2			
Total number of claims	89	30	37
Timeframe (average number of business days) :			
Delegation			
Review	13.3	12.1	11.3
Approval	0.8	0.4	0.1
Rejection	0	0.1	0
PRISHTINA 3			
Total number of claims	0	49	34
Timeframe (average number of business days) :			
Delegation			
Review	25.2	14.5	18.8
Approval	1.3	0.2	0.1
Rejection	1.6	1.5	0.1
PRIZREN 1			
Total number of claims	26	13	14
Timeframe (average number of business days) :			
Delegation			
Review	3.6	8.4	5.1

Approval	0.8	0.6	0.3
Rejection	0.1	0.3	0.1
PRIZREN 2			
Total number of claims	29	16	22
Timeframe (average number of business days) :			
Delegation			
Review	6	2.9	6.4
Approval	0.1	0.7	0.1
Rejection	1.1	0.7	0
GJILAN			
Total number of claims			
Timeframe (average number of business days) :	39	12	10
Delegation			
Review	5.9	12.7	6
Approval	0.7	0.1	0
Rejection	0.1	0.1	0

ANNEX II: Average reimbursement value by taxation regions and types of taxes
Reimbursement values by types of taxes and regional centres of TAK

REGION	TYPES OF TAXES	REQUESTED REIMBURSEMENT VALUES (in Euro)
LTD	CIT	13,555.96
	PIT	13,144.23
	VAT	543,795.5
Total		570,495,70
Ferizaj	CIT	1,778.38
	PIT	13,059.93
	VAT	818,133.99
Total		832,972.30
Gjakova	CIT	7,583.13
	PIT	4,032.61
	VAT	90,950.00
Total		102,565,74
Gjilan	CIT	6,619.32
	PIT	10,344.81
	VAT	101,062.93
Total		118,027,06
Mitrovica	CIT	8.00
	PIT	12,879.20
	VAT	43,835.01
Total		56,722.21
Peja	CIT	67.13
	PIT	8,629.56
	VAT	545,989.60
Total		554,686.33
Prishtina 1	CIT	46,634.14

	PIT	41,250.87
	VAT	430,660.50
Total		518,545.51
Prishtina 2	CIT	4,295.85
	PIT	49,643.42
	VAT	1,416,550.40
Total		1,470,490.00
Prishtina 3	CIT	12,253.17
	PIT	7,582.16
	VAT	681,188.40
Total		701,023.76
Prizren 1	CIT	511.42
	PIT	10,461.41
	VAT	399,932.40
Total		410,905.20
Prizren 2	CIT	923.19
	PIT	11,433.26
	VAT	231,481.60
Total		243,838.05
Overall total		5,580,271.51

*Red colour represents the highest reimbursement value among the types of taxes

*Green colour represents the lowest reimbursement value among the types of taxes

The objective of this report is to provide an overview of the reimbursement process, with particular emphasis on the publication of the report on the management of taxpayers' reimbursement claims through the new electronic module. The report shows that good results have been achieved in terms of improving efficiency, facilitating the handling of such claims, and in reducing administrative costs to taxpayers in the reimbursement process.

During the publication of the second report on Q4/2018 and the summary of annual report from the new reimbursement module, we believe that the reimbursement performance will be further enhanced as a process avoiding the technical mistakes that occurred at this initial stage of this process.