



Administrata Tatimore e Kosovës
Poreska Administracija Kosova
Tax Administration of Kosovo

Welcome to the workshop organized by the Tax Administration of Kosovo

February, 2019



Administrata Tatimore e Kosovës
Poreska Administracija Kosova
Tax Administration of Kosovo

Annual declaration and reporting of financial statements for:

- Personal Income Tax (PD)
- Corporate Income Tax (CD)
- Partnerships (DO)

February, 2019

Legal Basis of Tax Administration in Kosovo

No.	Name of the Law	No. of the Law	No. of the Administrative Instruction
1	Law on tax administration and procedures	No. 03/L-222	No. 15/2010
		No. 04/L-102	No. 03/2016
		No. 04/L-223	
2	Law on value added tax	No. 05/L-037	No. 03/2015
			No. 06/2016
3	Law on personal income tax	No. 05/L-028	No. 01/2016
4	Law on corporate income tax	No. 05/L-029	No. 02/2016
5	Law on pension funds of Kosovo	No. 04/L-168	
		No. 04/L-101	
6	Law on games of chance	No. 04/L-080	No. 03/2013



Personal Income Tax Declaration and Payment - PD



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Who is obliged to submit a declaration – PD ?

- Large Individual Businesses;
- Individual businesses, which have opted to be taxed based on real income;
- Partners;
- Any individual whose tax has not been withheld.



Who can submit a declaration – PD ?

- Any person who has had two or more sources of income, and
- Any person who did not have a constant salary within the tax period.



Tax rates for PIT declaration

Tax rate	Monthly income (€)	Annual income (€)
0%	0 to 80	0 to 960
4%	80 to 250	960 to 3,000
8%	250 to 450	3,000 to 5,400
10%	450 and over	5,400 and over



Taxable income according to the Law on PIT

- Gross wages;
- Net income from business, partnership, rent;
- Gross income from payment of pensions;
- Gross income from interest;
- Gross income from lottery winnings;
- Gross income from intangible property;
- Capital gain;
- Foreign source income;
- Other income not mentioned above, such as non-cash lottery prizes, forgiven debts or other income that have increased the net value of the taxpayer.



Fully and partially eligible expenses according to the Law on PIT

- Each expense related to the development of economic activity;
- A deduction for rent expenses from the actual or 10% per cent of gross income from rent;
- A deduction for pension contributions;
- A deduction for charitable contributions;
- Special deductions for new assets;
- Loss carried forward (6 years);
- Depreciation;
- Amortization;
- Other allowed deductions - such as bad debt, expenses for representation, advertisement, research and development costs, etc.



Ineligible expenses according to the Law on PIT

- Cost of land acquisition;
- Fines, penalties, expenses and interest related to them;
- Income tax;
- Credited or refunded VAT;
- Personal, living, or family expenses;
- Loss from the sale or exchange of assets between related persons;
- Expenses for gifts, except those having business name and logo which are part of the representation costs;



Ineligible expenses according to the Law on PIT....

- Losses in weight, damages, remains, overstock, ruins or breakage during production, transport, exposure and storage, beyond the rates specified in separate legal and sub-legal acts;
- Benefits in kind in the form of meal and ticket for transportation, except in cases when organized by the business;
- Expenses on housing rents, which serve to accommodate the employee;
- Expenses covered from grants, subventions and donations in compliance with regulations and criteria for earning the same ones;
- Any other undocumented expense.



PIT Declaration and Payment

Advance installments

- For submitting advance installments, the following criteria apply for:
 - The first year of business;
 - The second year of business, and beyond.



Advance installments

The first year of business

- **1/4** of the total tax obligation for the current tax period, based on estimated taxable income and reduced by any amount withheld during the quarter;
- payment in four installments, whereby the fourth installment covers **80%** of the tax obligation;



Advance installments

The second year of business, and beyond

The taxpayer may choose one of the options, such as:

- **1/4** of the total tax liability for the current tax period based on estimated taxable income, deducted by any amount of tax withheld during the quarter, or
- **110%** of the total tax liability for the previous year, deducted from whichever amount withheld during the quarter.



Advance installments

- **Exemptions:**
 - The taxpayer who generates losses;
 - The taxpayer on whom tax control is performed and the deviation exceeds **20%** in that year.



Drafting the Tax Declaration

- Tax declaration shall be considered an assessment performed by the taxpayer in person and shall contain the following :

1. Financial Statement

- Gross income related to operating activities;
- Expenses related to operating activities;
- Non-operating activities;
- Net income or loss.



Drafting the Tax Declaration

2. Tax declaration

- Taxable income;
- Deductions;
- Other (such as loss carried forward);
- Withholding tax during the year;
- Tax due;
- Request for refund.



Drafting the Tax Declaration

- Final owing amount of tax is the total amount of tax for the tax period minus:
 - Withholding Tax amounts and paid by others;
 - The amounts paid in quarterly advance installments;
 - Foreign tax credit allowable under this law.



Drafting the Tax Declaration

- Depending on the calculations, the following situations may emerge:
 - Debt payment;
 - Overpayment/Request for refund.



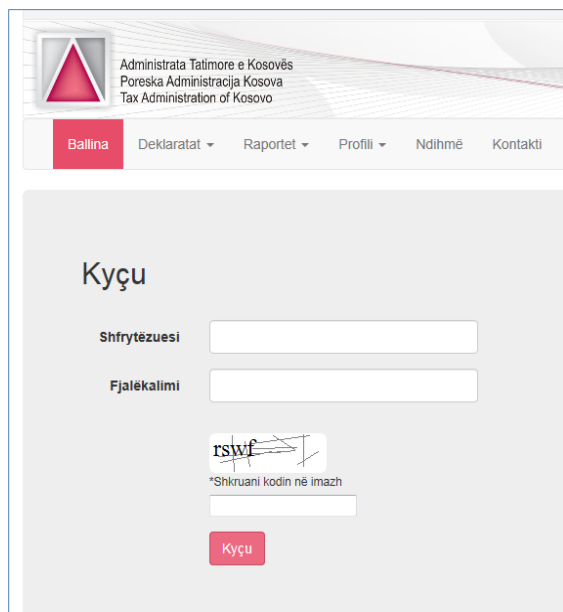
Declaration deadlines - PIT

- For advance installments, the declaration deadline is from 1 to 15 of the subsequent month, following each quarter.
- For the annual declaration for PIT, the declaration deadline is from 1 January to 31 March of the following year of the tax period.



DP Declaration through the EDI System

www.atk-ks.org



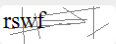
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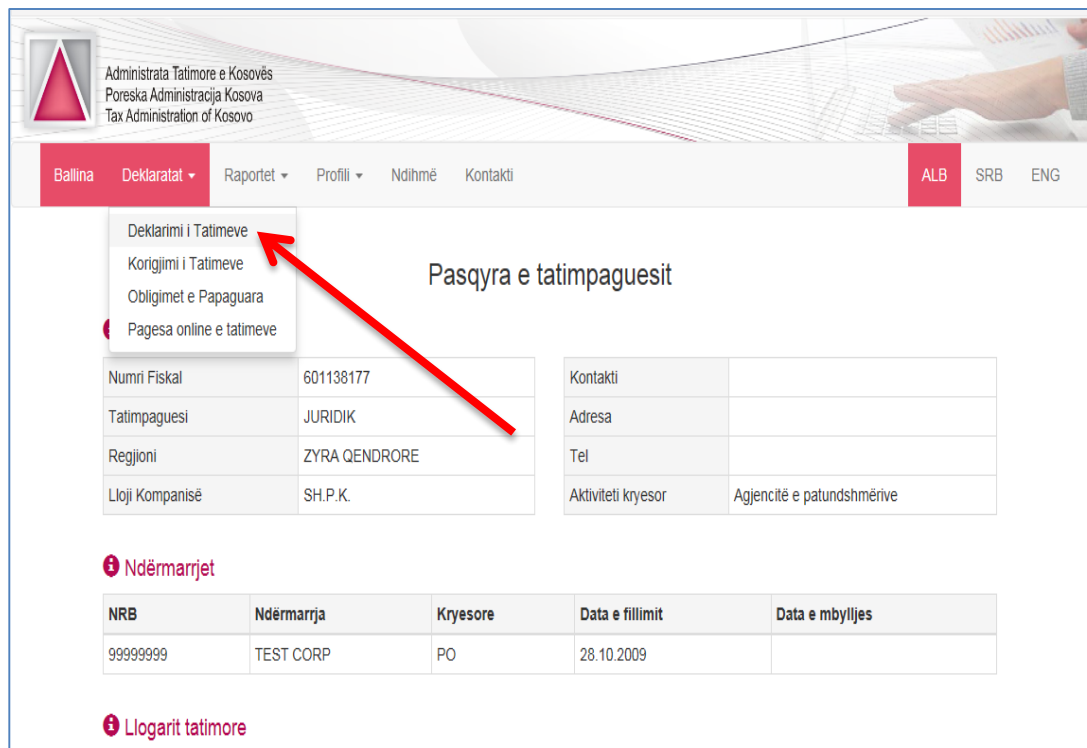
Kyçu

Shfrytëzuesi

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*Shkruani kodin në imazh

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Deklarimi i Tatimeve
Korigjimi i Tatimeve
Obligimet e Papaguara
Pagesa online e tatimeve

Pasqyra e tatimpaguesit

Numri Fiskal	601138177	Kontakti	
Tatimpaguesi	JURIDIK	Adresa	
Regjioni	ZYRA QENDRORE	Tel	
Lloji Kompanisë	SH.P.K.	Aktiviteti kryesor	Agjencitë e patundshmërie

i Ndërmarrjet

NRB	Ndërmarrja	Kryesore	Data e fillimit	Data e mbylljes
99999999	TEST CORP	PO	28.10.2009	

i Llogarit tatimore



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Downloading the declaration manually

- www.atk-ks.org
- Download the
electronic declaration



The screenshot displays the website interface for downloading tax declarations. At the top center is the coat of arms of Kosovo. Below it, a message in Albanian states: "Ky aplikacion në rrjet është dhënë nga Administrata Tatimore e Kosovës për të lejuar shtypjen direkte të deklaratave me kërkesë." Below the message are three language links: "Shqip", "Srpski", and "English". A blue notice reads: "Vëmendje: 'Formulari tatimor mund të përdoret vetëm një herë për një periudhë tatimore, prandaj çdo herë para se të bëni dorëzimin e deklaratës tatimore ju lutem se pari bëni shkarkimin elektronik të deklaratës përkatëse nga Ueb-i i ATK-së'". The form fields include: "Numri fiskal:" with the value "601138177" and a "Vazhdo" button; "Emri:" with the value "TEST CORP"; "Deklarata Tatimore:" with a dropdown menu showing "CD - Tatimi në të Ardhurat e Korporatave"; and "Periudha Tatimore:" with a dropdown menu showing "2015". At the bottom, there is a CAPTCHA image with the text "NVEQ9" and a "Teksti me pamje:" label next to an empty input field.



Example - Annual Declaration via the PD form

- Person "X" with Fiscal Number: 600111112, made the following transactions during 2018:

INCOME

Gross income from business	58,000.00 €
Gross income from partnership	12,000.00 €
Gross rent	5,000.00 €
Foreign source income	4,000.00 €
Other income (for example sale of fixed assets)	20,000.00 €
Gross wages from the employer"Y"	10,000.00 €
Total income	109,000.00 €



Example - Annual Declaration via the PD form

EXPENSES

Gross wages of the employees	6,000.00 €
Depreciation and amortization expenses	1,200.00 €
Sale expenses	100.00 €
General and administrative expenses	500.00 €
Other operating expenses	2,000.00 €
Pension contribution expenses	400.00 €
Other allowed expenses	200.00 €
Total expenses	10,400.00 €



Example - Annual Declaration via the PD form

OTHER INFORMATION

Loss carried forward from 2017	1,200.00 €
Expenses/payment for charitable contributions	1,200.00 €
Withholding tax on wages from the employer "Y"	400.00 €
Withholding tax on rent	100.00 €
Foreign tax credit	300.00 €
Quarterly advance payments on income from business	1,700.00 €
Quarterly advance payments on income from rent and intangible property	600.00 €
Stock at the beginning, on 01.01.2018	12,000.00 €
Purchases or production cost during 2018	30,000.00 €
Stock at the end, on 31.12.2018	25,000.00 €

▪ [PD Form 2018.pdf](#)



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Corporate Income Tax Declaration and Payment - CD



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Who are the CIT taxpayers, obliged to submit the Annual Declaration-CD

- Large corporates;
- Small corporates which have opted to be taxed based on real income;
- NGOs;
- A business organization of social or public ownership;
- Permanent Establishment as well as any other organization that has the status of a legal person.



CIT declaration and payment

Advance installments

- The following criteria apply for the submission of advance installments:
 - The first year of business;
 - The second year of business, and beyond.



Advance installments

The first year of business

- **1/4** of the total tax liability for the current tax period based on estimated taxable income reduced by any amount withheld during the quarter;
- quarter advance payments including the fourth quarter installment covering **80%** of the obligatory tax.



Advance installments

The second year of business, and beyond

The taxpayer may choose one of the options, such as:

- **1/4** of the total tax liability for the current tax period based on estimated taxable income reduced by any amount withheld during the quarter, or
- **110%** of the total tax liability of the preceding tax period, reduced by any amount withheld during the quarter.



Advance installments

- **Exemptions:**
 - The taxpayer who generates losses;
 - The taxpayer on whom tax control is performed and the deviation exceeds **20%** in that year.



Filling in the supporting tables on alignment

- Financial accounting for corporate needs and harmonization in accordance with the legal requirements.
- Presentation of differences:
 - temporary tax differences;
 - permanent tax differences.



Drafting the Tax Declaration

- Tax declaration shall be considered an assessment performed by the taxpayer in person and shall contain the following:

1. Financial Statement

- Gross income;
- Expenses.



Drafting the Tax Declaration

2. Tax declaration

- Taxable income(profit/loss);
 - Adjustments to Revenues and Expenses;
 - Tax due;
 - Request for refund.
- [Tables for tax adjustments in CIT.pdf](#)



Drafting the Tax Declaration

- Final owing amount of tax is the total amount of tax for the tax period minus:
 - Withholding Tax amounts and paid by others;
 - The amounts paid in quarterly installments;
 - Foreign tax credit allowable under this law.



Drafting the Tax Declaration

- Depending on the calculations, the following situations may emerge:
 - Debt payment;
 - Overpayment/Request for refund.



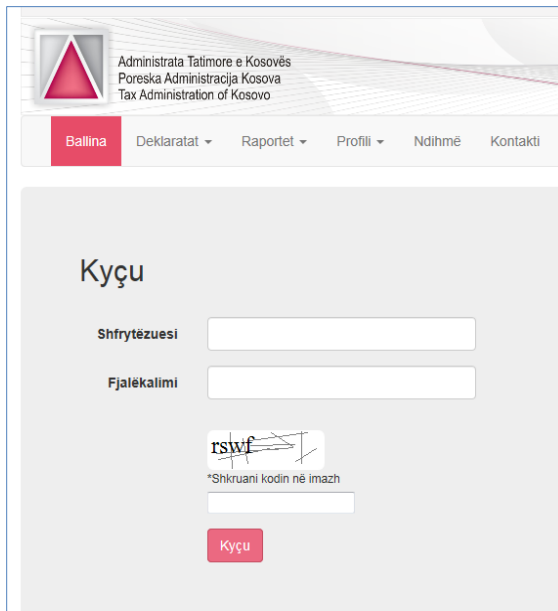
Declaration deadlines - CIT

- For advance installments, the declaration deadline is from 1 to 15 of the subsequent month, following each quarter.
- For the annual declaration for CIT, the declaration deadline is from 1 January to 31 March of the following year of the tax period.



CD declaration through the EDI System

www.atk-ks.org



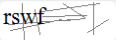
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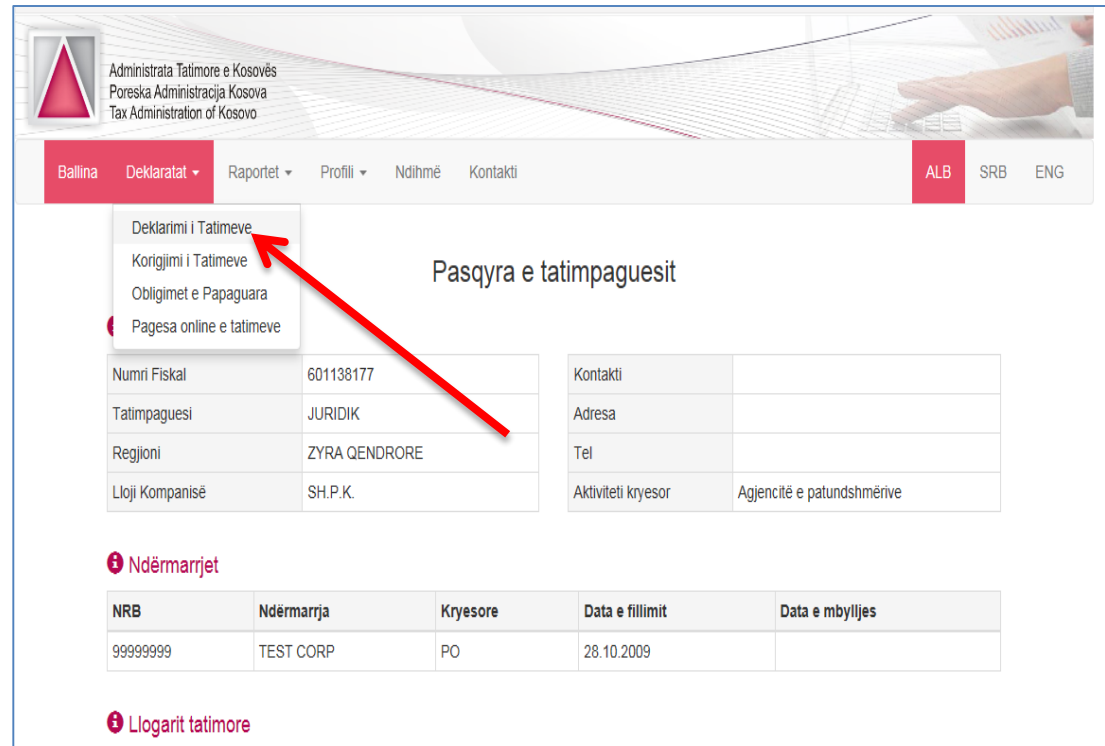
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Example - Annual Declaration via the CD form

- Company “X” LLC made the following transactions during 2018:

INCOME

Gross income	700,000.00 €
Foreign source income	7,800.00 €
Collection of Bad Debt	2,000.00 €
Other income/profit	1,400.00 €
Gross premiums for the tax period	10,000.00 €
Total income	721,200.00 €



Example - Annual Declaration via the CD form

- Company “X” LLC made the following transactions during 2018:

EXPENSES

Non-deductible expenses	2,500.00 €
Representation expenses	2,800.00 €
Special allowance for new assets	1,200.00 €
Other expenses	250.00 €
Gross wages	18,000.00 €
Depreciation and amortization expenses	35,160.00 €
Sale expenses	5,200.00 €
General and administrative expenses	60,000.00 €
Other operating expenses	5,000.00 €
Total expenses	130,110.00 €



Example - Annual Declaration via the CD form

- Company “X” LLC made the following transactions during 2018:

OTHER INFORMATION

Loss carried forward	2,000.00 €
Foreign tax credit	2,000.00 €
Paid installments	18,980.00 €
Stock at the beginning, on 01.01.2018	350,000.00 €
Purchases during 2018	240,000.00 €
Stock at the end, on 31.12.2018	130,000.00 €

- [CD Form 2018.pdf](#)



Declaration of Partnership Income - DO



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Obligation for declaration from the Partnership

- Pursuant to the Law, the **Partnerships** are obliged to submit an annual declaration, which includes all revenues and expenses of the **partners**, without payment obligation.
- The partnership, or grouping of persons, is responsible for submitting declarations and making payment of all taxes for which the partnership or grouping of persons become liable (such as VAT, Income Tax, Pension Contributions, Withholding Tax, Tax on Rent, etc.).



How should a Partnership declare?

- **The Partnership** will not be able to download the following statements: IS, IL, QS, QL, CD, PD.
- **Partnerships and groups of persons, as well as partners of partnerships and groups of persons**, shall keep the books and records identified in paragraph 4 of of the Article 33 of this law and each **partner** must pay obligatory income taxes in accordance with paragraph 2.2 of Article 43 of this Law.
- **The partners** may download one of the declarations according to the selected options IL, QL, PD, CD, depending on the Partner's status.



For example:

- “A & B” partnership, consists of partner X and Y.
- The Income Statement for 2018 had the following condition:

INCOME STATEMENT	
REVENUES	300,000
COGS	230,000
GROSS PROFIT	70,000
OPERATING EXPENSES	12,000
Gross wages	5,000
Sale expenses	2,000
Administrative expenses	2,000
Other operating expenses	3,000
PROFIT BEFORE TAX	58,000

- [DO Form 2018.pdf](#)



Declaration deadlines and payment of taxes

No.	Name of the Form	Abbreviation	Declaration deadline
1	Tax rent and Intangible property statement	IR	From 1 to 15 of each quarter
2	Quarterly advance payment for large individual businesses	IL	From 1 to 15 of each quarter
3	Quarterly advanced payment for small individual businesses	IS	From 1 to 15 of each quarter
4	Monthly wage withholding and payment statement	WM	From 1 to 15 of each quarter
5	Interest, dividends, royalties, rental, lottery winnings and gambling monthly withholding statement	WR	From 1 to 15 of each quarter
6	Quarterly advance payment for small corporate	QS	From 1 to 15 of each quarter
7	Quarterly advance payment for large corporate	QL	From 1 to 15 of each quarter
8	Corporate income tax return	CD	From 1 January to 31 March
9	VAT filing and payment form	TV	From 1 to 20 of each month
10	Personal income tax annual filing and payment form	PD	From 1 January to 31 March
11	Statement on pensin contributions and remittance form	CM	From 1 to 15 of each quarter
12	Refund/reimbursement Claim	KRR	From 1 to 20 of each month or quarter
13	Tax declaration of Partnership income	DO	From 1 January to 31 March
14	Authorization for tax information	AIT	For each claim



Penalties

- Failure to file tax declaration is subject to an administrative penalty of 5% of due tax, with a maximum of 5 months (25%);
- Failure to pay tax is subject to an administrative penalty of 1% of due tax, up to maximum 12 months (12%), it shall apply after the 5% penalty for failure to file tax declaration is over;
- Interest applied upon failure to pay tax :
 - 1.25% per month until 31.12.2014;
 - 0.91% from 01.01.2015 – 31.12.2015;
 - 0.7% from 01.01.2016 – 31.12.2016;
 - From 01.01.2017 onwards ...Interest 0.65% per month.



Visit the TAK website
www.atk-ks.org

**Thank you for your
attention!**



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