

AGREEMENT
BETWEEN
THE REPUBLIC OF KOSOVO


AND
THE REPUBLIC OF MACEDONIA

FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE
PREVENTION OF FISCAL EVASION WITH
RESPECT TO TAXES ON INCOME AND ON CAPITAL,

THE REPUBLIC OF KOSOVO
AND
REPUBLIC OF MACEDONIA

desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital,

Have agreed as follows:

			
REPUBLIKA E KOSOVES REPUBLIKA KOSOVA, REPUBLIC OF KOSOVO			
Qeveria e Kosoves - Vlada Kosova - Government of Kosovo			
Ministria e Ekonomise dhe Tregutise - Ministarstvo Privreda i Finansje			
Ministry of Economic and Finance			
Zyra e Ministrit - Kancelarija Ministrit - Office of the Minister			
Widura Itri Org. Jedinic Org. Unit	ZM	Pr. Itri Pr. No.	421
Pr. I Kosove Proj. struktura No. projekta	63-20	Pr. Itri Pr. No.	7.4.11
PRISTINE/A			

Article 1

PERSONS COVERED

This Agreement shall apply to persons who are residents of one or both of the Contracting States.

Article 2

TAXES COVERED

1. This Agreement shall apply to taxes on income and on capital imposed on behalf of a Contracting State or of its local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

3. The existing taxes to which the Agreement shall apply are in particular:

a) in Macedonia:

- 1) the personal income tax;
- 2) the profit tax;
- 3) the property tax.

(hereinafter referred to as "Macedonian Tax");

b) in Kosovo:

- 1) the personal income tax;
- 2) the corporate income tax;
- 3) the property tax.

(hereinafter referred to as "Kosovo tax").

4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

Article 3

GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:

a) the terms "a Contracting State" and "the other Contracting State" mean Macedonia or Kosovo, as the context requires;

b) the term "Macedonia" means the territory of the Republic of Macedonia, and used in geographical sense means its land, inland lake water and bottom over which it has jurisdiction or sovereign rights for the purpose of exploring, exploiting, conserving and managing natural resources, pursuant to internal jurisdiction and international law;

c) the term "Kosovo" means all the land territory of the Republic of Kosovo including air space above it over which it has jurisdiction and sovereign rights for the purposes of exploration and conservation of natural resources, pursuant to the international law;

d) the term "national" means:

i) any individual possessing the nationality of a Contracting State;

ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State.

e) the term "person" includes an individual, a company and any other body of persons;

f) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

g) the term "business" includes the performance of professional services and of other activities of an independent character;

h) the term "enterprise" applies to the carrying on of any business;

i) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

j) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

k) the term "competent authority" means:

i) in the case of Macedonia, the Ministry of Finance or its authorised representative;

ii) in the case of Kosovo, the Minister of Economy and Finance, or his authorized representative.

2. As regards the application of the Agreement at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes

to which the Agreement applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

Article 4

RESIDENT

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of incorporation, place of management or any other criterion of a similar nature. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State, or capital situated therein.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:

a) he shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer (centre of vital interests);

b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has an habitual abode;

c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national;

d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.

Article 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term "permanent establishment" includes especially:

a) a place of management;

b) a branch;

c) an office;

