



## Instruction on Reimbursement/ refund and return procedure of overpaid means

The Instruction determines procedures for reviewing claims for reimbursement /refund and return of means, from the moment when claim was filed at Taxpayer Service Office up to the approval. Instruction in question will apply for all type of taxes.

### Legal Bases

Reimbursements/refunds and return of means are allowed by Law No. 2004/48 on Tax Administration and Procedures, and covered by Article 24 of this Law.

**VAT refunds** - Under Article 23 of the VAT Regulation No. 2002/17 businesses are entitled on VAT refunds. Under this article businesses should make a claim for refund at Taxpayer Service Office only if the amount of overpaid tax was carried forward for more than six months, and the amount is higher than 5,000€. If the business has exports than can claim refund once in quarter, but if the amount of credit exceeds 5,000€ than the refund can be claimed on monthly bases, but not more frequently then one claim per month.

**VAT reimbursement** - Under Article 13 of VAT Regulation No. 2002/17 businesses are entitled to get **VAT reimbursement**. Under this article of this Regulation businesses are entitled on VAT reimbursement of means paid to Customs. Reimbursement claim shall be filed at Taxpayer Service offices, not more frequently than on monthly bases. Under this Article, entities which are UNMIK, KFOR, World Bank and intergovernmental Organization, also shall provide evidence that import brought in Kosovo was sold by these Organizations. Under the Regulation No. 2005/40 article 13.2(b) of Regulation 2002/17 is excluded.

**Reimbursement on Personal Income Tax** is allowed under Article 26.6 of Regulation No. 2004/52. The claim takes place once per year when the annual declaration submitted.

**Reimbursement on Corporate Income Tax** is allowed under Article 31.5 of the Regulation No. 2004/51. The claim takes place once per year when the annual declaration submitted.

### Responsibilities

The Regional Office is responsible for management and review of Reimbursement/Refund/Return claim from the moment of submission by Taxpayer at Service Office.

The Regional Manager will delegate the task for review of the case to Team Leader, and the same based on the risk assessment will be reviewed by Tax Inspector.

The Regional Manager of respective Region will be responsible for review of Reimbursements/Refunds/Return Claim starting from the fact that the Form of Assessment Notification will be signed by Tax Inspector, Team Leader and Regional Manager.

In case of the failure to meet refund procedures, TAK Director will keep accountable Regional Manager.

After the review of Reimbursement/ Refund/Return claim, the Regional Office will send the review report of Reimbursement/Refund/Return claim to Audit Department accompanied by all provided Forms and the Form to be signed by TAK Director, who under the Law No. 2004/48 is authorized to approve the Reimbursement/ Refund/ Return claim.

Audit Department will make follow up on application of the procedures for all cases and inform TAK Director about the Refund process based on quarterly, six months and annual analysis.

### **Timeframes**

- a. The timeframes within which the claim received by service office should be submitted to Regional manager is one working day. Each claim should be recorded at service office and the same be submitted to manager associated with the hand –over report.
- b. Manager in cooperation with Team Leader within the shortest possible time will assign Tax Inspectors for dealing with review of the case.
- c. Tax Inspectors will make verification of necessary documents and provide a competent opinion whether the means shall be returned , or the case should be selected for audit due to the specifics that were found during the checking of Taxpayer's documents.
- d. If Tax Inspector finds out that case should be selected for audit, then audit should be opened within the shortest possible time.
- e. Under the Law No. 2004/48 , article 24.5, Tax Administration of Kosovo is required within 60 days to review Taxpayer's request. The Regional Manager shall take into consideration this time frame by making efforts for completion of the case within these time frames, because needed time that TAK Director Approval may take, also should be included.

### **Audit**

The Reimbursement/refund and Return claim for means not always shall be followed by audit process. If we have to do with taxpayer with successful history of tax legislation compliance, and if the amounts are small and reliable, then Regional Office is required only to visit business and check the respective documentation. Otherwise for all requirements where the

real situation can not be indentified through the documentation review , the case should be determined for audit.

## **Reporting**

- a.** In case that Tax Inspector has found out that Taxpayer is entitled to Reimbursement/Refund/Return without audit process, then Tax Inspector shall make a report which will cover all specifics found during the checking of respective documentation.

This report shall be signed by Tax Inspector, Team Leader and Regional Manager.

Report will be forwarded to Audit Department along with following documentation (The claim, Assessment Notification for Reimbursement/Refund and Return, Approval Form by TAK Director) and Taxpayer will be notified after the TAK Director approval.

- b.** If the audit of the business was conducted then Tax Inspector will write a report. The report will cover: detailed reasons of approval or disapproval of the Reimbursement / Refund and Return Claim.

These reasons should include:

- Checking of the business operation
- Checking of open market value
- Investments in premises
- Investments in fixed assets
- Expenses related to the business activity
- Specification of sales and purchases per tax period
- Specification of inventory through tax periods
- Normative used during the production period
- Material analysis
- Separate specification on reimbursement/refund and return claim where all elements that lead to the approval will be included
- Other elements which related to various specifics depending on the type of business activity.

This report will be signed by Tax Inspector, Team Leader and Manager and along with other accompanying documents (the claim, Assessment Notification for Reimbursement/Refund and Return, Approval Form by TAK Director and AU010, after the eventual changes that are result of audit) will be forwarded to the Audit Department.

The Taxpayer will receive the report on audit result after the approval is obtained by TAK Director.

### **Forms and explanations on how to complete them**

During the process of reimbursement/refund and return claim the following forms shall be used.

- a. The form of reimbursement/refund and return claim**



**This form shall be completed by parties, when make the claim**

- a. On the first part the details of taxpayer should be written.
- b. On the second part should be written the name and the location of the bank, and bank account number of the business.
- c. On the third part an X in the empty box should be written where will be identified whether is the issue of reimbursement refund or return claim.
- d. The fourth part will be explained depending on the type of the claim.
  1. In Column No. 1- Type of tax should be written
  2. In Column No. 2 – tax period related to reimbursement/refund and return claim should be written
  3. In Column No. 3 - the amount claimed for reimbursement/refund and return should be written. If we have to do with VAT reimbursement or refund claim then it is necessary the amount of this column to match with the amount of column 21 of VAT return for respective period
  4. In Column No. 4 - always should be written the amount paid on imports, and this applies only when we have to do with VAT reimbursement claim.
  5. In Column No. 5 – should be presented all tax liabilities that Taxpayer owes to TAK at the moment of their request.
  6. In Column No. 6 - should be written the amount of balance for Reimbursement/Refund or Return. This amount represents the difference between Column 3 and 5. The column 6 should be equal to the difference of the columns 3-5. If 3-5 results with negative amount then column 6 =0.

At the end of the fourth part is written: I declare with full responsibility that the data of this claim are exact. Thus through this the responsibility falls on taxpayer for completion of this request.

At the end of the fourth part taxpayer will write the name, surname signature and the date of the claim. Taxpayer will also put the stamp.

- e. Whereas regarding to the fifth and last part this part should be used by Taxpayers Service at the regional office only. The inspector of Taxpayer Service who will receive this request will make cross reference of all these amounts with the data of tax returns and TAK system.

If the data of taxpayer's request match with the data from the TAK system, then Inspector will accept the request from Taxpayer.

If the data of request does not match with the data from TAK system, inspector will not accept the claim but will instruct taxpayer for changing the data; when the data corrected inspector will accept the claim.

At the end Tax Inspector will write the name, surname, signature, stamp and the date of acceptance of the claim.



**NOTE:** In case of eventual changes after the audit, this form should be accompanied by AU010 Form for respective period. If the claim was made for VAT then you should pay attention to column 21 of Vat return and VAT AU010 Form.

**REASONING:** Necessarily should be accompanied with an AU010 Form of respective period because if the audit finds changes, under declaration, over declaration etc, then these changes will be made only through AU010; thus this form will be used only for cancellation (offset) of credit excess from the system and its transfer into Taxpayers account or in other periods, if eventually the business has liabilities toward TAK.

**Completion:**

First part is related to Taxpayer's data

Second part:

**The column 1-** writes type of tax

**The column 2 -** Write the period claimed for reimbursement/refund and return claim

**The column 3 –** Write the claimed reimbursement /refund and return amount by taxpayer when making application. This column should match with column 3 of the request.

**The column 4 –** write the amount identified for reimbursement/refund and return following checking of documentation or following the audit.

**The column 5 –** Write the current amount of taxpayer's liabilities

**The column 6 -** Write the amount dedicated for transfer to liabilities that taxpayer has.

If the liability amount is higher than the amount approved then transfer the entire approved amount in column 6.

If the liability amount is lower than the approved amount then transfer the entire liability amount in column 6.

Transfer the total of column 6 on the columns below where is written: Transfer to: liabilities depending from the amount of liabilities through periods and through various types of taxes.

**The column 7 –** Write the amount which should be reimbursed/refunded and returned to Taxpayer in their account. The column 7 will be equal to column 4 minus column6.

This form on the bottom part will be signed by Tax Inspector, Team Leader and Manager of Regional Office.

c. Forma e cila do të plotësohet nga Regjioni kurse do të nënshkruhet nga  
Drejtori i ATK-së

Formulari i Aprovimit të Rimbursimit/Rikthimit/Kthimit	
Nr _____	
(Ky dokument është një Urdhërpagesë zyrtare për Departamentin e Thesarit për kërkuesit vijues)	
Emri i Kërkuesit	<input type="text"/>
Numri ID i kërkuesit	<input type="text"/>
Adresa	<input type="text"/>
Numri i telefonit	<input type="text"/>
Pronari/Menaxheri	<input type="text"/>
Lloji i tatimit	<input type="text"/>
Ka të drejtë për:	Rikthim <input type="checkbox"/> Rimbursim <input type="checkbox"/> <input type="text"/>
Shuma e aprovuar i referohet Aplikacionit të Rikthimit/Rimbursimit Nr _____ të datës _____	
Ju lutemi shënoni Numrin e Xhirologarisë	<input type="text"/>
Banka	<input type="text"/>
Filiala	<input type="text"/>
Autoriteti Urdhërues Drejtori i Administratës Tatimore	
Data _____	Januz Krasniqi _____

This form always should be completed by Region and submitted along with other documentation to Audit Department. The date when TAK Director signs this form will be counted as Approval date of Reimbursement/Refund and Return of means.



### **Manner and destination of documentation flow**

After the audit or checking is completed , and the completion of the following documentation required made:

- Report (if the audit was not completed)
- Audit Report (if the audit was completed)
- AU010 – the original, and
- Three forms mentioned earlier in this report,

These shall be submitted to Audit Department in order to be forwarded to TAK Director who makes claim approval or disapproval.

If the TAK Director approves the claim then the AU010 form can be introduced in IT system. After this step the Regional Office can inform Taxpayer on the claim result.

If the TAK Director refuses the claim , then audit will not be considered as completed and the AU010 Forms will be send back for review to the region.

If needed, TAK Director will establish a committee for checking approved claims by Regional Offices.

Pristine

20/04/2007

