

What is the role of DTA?

DTA has an important role in factors that guarantee, advance and encourage international economic and trade relations, such as:

- Development of the cooperation for the tax issues;
- Protection of the taxpayer from double taxation;
- Prevention of tax evasion;
- Elimination of discrimination;
- Providing administrative assistance;
- Other assignments foreseen with DTA.

Double Taxation becomes an obstacle for movement of the individuals, associations, capitals and mutual investments from one State to another. There are precisely bilateral international agreements for eliminating double taxation that through provision that creates for the contracting parties eliminates double taxation. This is done by setting the State which is eligible for taxation of certain incomes of a certain entity or by dividing this eligibility between two States but without burdening the entity with double taxation.

What types of taxes are covered with DTA?

The Agreement is applied to direct taxes on incomes and on capital in each contracting state, including also the list of main taxes for which are applied provisions of the agreement.

What is Double Taxation?

It is tax on incomes, which is paid twice for the same source of incomes. Therefore, double taxation occurs when the same incomes, from the same person are taxed twice: **once in the state where the incomes are generated and once in the resident state of the taxpayer.**

Double taxation may occur also when two states claim that based on their internal legislation criteria (that might be different), an individual or association is considered resident in both states (double residence) and is subject to full tax liability in both states. In these circumstances, only the fact that the activity of the individual or association is expanded in two States means that the incomes generated from them to be taxed twice.

DTAs basic Models

There are two models on which DTAs are drafted:

- OECD Model, Tax Convention on Income and Capital
- UN Model, Tax Convention

There are two types of double taxation:

- 1. Juridical Double Taxation**, occurs when two States tax the same person on the same income (or capital) that might be eliminated through DTA;
- 2. Economic Double Taxation**, occurs when two States tax the same flow of incomes, that might be eliminated through Tax Legislation of the resident State.

How can be done the Elimination of Double Taxation?

Elimination of Double Taxation can be done through methods that are applied by resident state, such as:

- **Exemption Method**, that means tax exemption for incomes with a source from abroad.
- **Credit Method**, which means allowing tax crediting for the tax paid on incomes with a source from abroad.
- **Deduction Method**, which means deducting the tax, paid for the incomes from abroad in the form of expense.

Which one of the Domestic Law or DTA can or should be applied?

In cases when provisions of DTA are in contradictions with the provisions of domestic legislation, then the DTA provisions prevail. DTA application in practical cases will be based on concrete provisions into force for each agreement.

Applying provisions of DTA?

The Tax Administration of Kosovo is responsible for applying DTA's provisions. TAK provides services for the taxpayers that are covered from DTA between Kosovo and any other state. Also, TAK determines the procedures for applying these agreements. As a part of these procedures is Certificate of taxpayer's residence as well as tax verification in order to apply DTA.

Certificate of residence - Is issued for the taxpayer registered in Tax Administration of Kosovo, after written request of the taxpayer and after the necessary verifications has been done in Regional Office where he/she is registered. The residence certificate serves to the taxpayer to prove that he/she pays the taxes for all incomes generated in Kosovo and outside Kosovo, in order that Tax Authority of foreign state where he/she has gained the incomes to be able to apply DTA.

Tax verification - is issued for the taxpayer that has transactions with persons that are residents in the States with which the DTA is applicable. Therefore the purpose of this verification is to apply the agreement for the incomes with a source in Kosovo (the payer is taxpayer in Kosovo) generated from persons that are resident in the State with which the DTA is applicable.

Tax withholding certificate - is issued from resident taxpayer for the non-resident taxpayer

that does not have permanent establishment in Kosovo, in order to prove that for the incomes generated in Kosovo the tax has been withheld and paid in account of the Tax Administration of Kosovo.

What kinds of services provide Office for DTA?

- Treating/reviewing taxpayers' requests on implementing DTA;
- Interpreting provisions according to DTA;
- Exchanging information with Tax Authorities of the contracting States;
- Assisting on tax collection that is used from relevant Tax Authorities.

Treating/reviewing taxpayers' requests on implementing DTA is done according to domestic legislation on Corporate Income Tax, Personal Income Tax as well as international laws, respectively DTA.

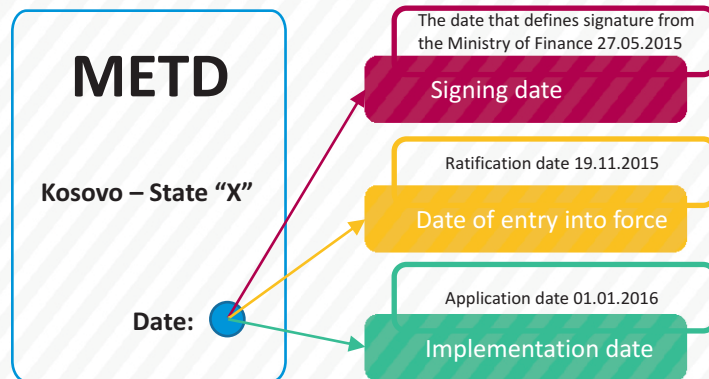
What are the criteria to have access in DTA?

In order to realize elimination of double taxation, the main criteria are:

- DTA should be into force and applicable;
- The person should be resident in one or both of the contracting States;
- Incomes that are taxable should be covered from DTA;

What information should be provided at the DTA Office?

- Official request (hard copy or electronically) with the concrete questions;
- Certificate of business registration;
- Certificate of the taxpayers residence;
- The contract of goods or services that will be done in Kosovo.



Administrata Tatimore e Kosovës
Poreska Administracija Kosova
Tax Administration of Kosovo

Confidentiality of information

TAK guarantees the resident and non-resident taxpayers that all their issues and information will be reviewed independently and impartially as well as under full confidentiality as it is foreseen in the Law on Tax Administration and Procedures and in the Law for protection of personal data.

How to contact DTA Office?

DTA Office / Tax Administration of Kosovo
Headquarter
Address: Corner of the streets "Bill Clinton & Dëshmorët e Kombit", 10000 Prishtinë, Kosovë

Tel. 038 200 250 05; 038 200 250 27
Fax: 038 200 250 07

E-mail: metd@atk-ks.org

Web: www.atk-ks.org link International Agreement

Double Taxation Agreement – DTA

Double Taxation Agreement – DTA

Purpose

The purpose of this leaflet is to provide general information for the taxpayers on how to apply Double Taxation Agreements.

"Unless both sides win, no agreement can be permanent"
Jimmy Carter

What is Double Taxation Agreement (DTA)?

DTA is an agreement/convention between two states for taxation or elimination of Double Taxation. Therefore, it aims to determine the State that is eligible for taxation for the same incomes or capital, in cases when a person is taxable in both states.

