

TAK Contacts:

| Region | Phone Number | Address |
|-------------|--------------------------|---|
| LTD | 0383 (0) 38 / 200 255 23 | Street: Fehmi Agani 41 |
| Prishtina 1 | 0383 (0) 38 / 200 255 87 | Street: Mother Teresa, former Gërmia building |
| Prishtina 2 | 0383 (0) 38 / 200 255 61 | Street: Mother Teresa, former Gërmia building |
| Prishtina 3 | 0383 (0) 38 / 200 255 60 | Street: Mother Teresa, former Gërmia building |
| Prizren | 0383 (0) 29 / 625 903 | Street: Wiliam Wakler NN |
| Peja | 0383 (0) 39 / 432 812 | Square: Skënderbeu NN |
| Ferizaj | 0383 (0) 290 / 320 387 | Street: Dëshmorët e Kombit NN |
| Gjilan | 0383 (0) 280 / 326 967 | Street: Skënderbeu NN |
| Mitrovica | 0383 (0) 28 / 530 059 | Street: Agim Hajrizi NN |
| Gjakova | 0383 (0) 390 / 330 021 | Street: Mother Teresa NN |

Address: Corner of Streets
"Bill Clinton & Dëshmorët e Kombit"
10000 Prishtina, Kosova

Tel: + 383 (0) 38 200 250 17
Fax: + 383 (0) 38 200 250 07

E-mail: info@atk-ks.org
Web: www.atk-ks.org

| VAT | PIT | CIT |
|-----|-----|-----|
| 50% | 30% | 20% |

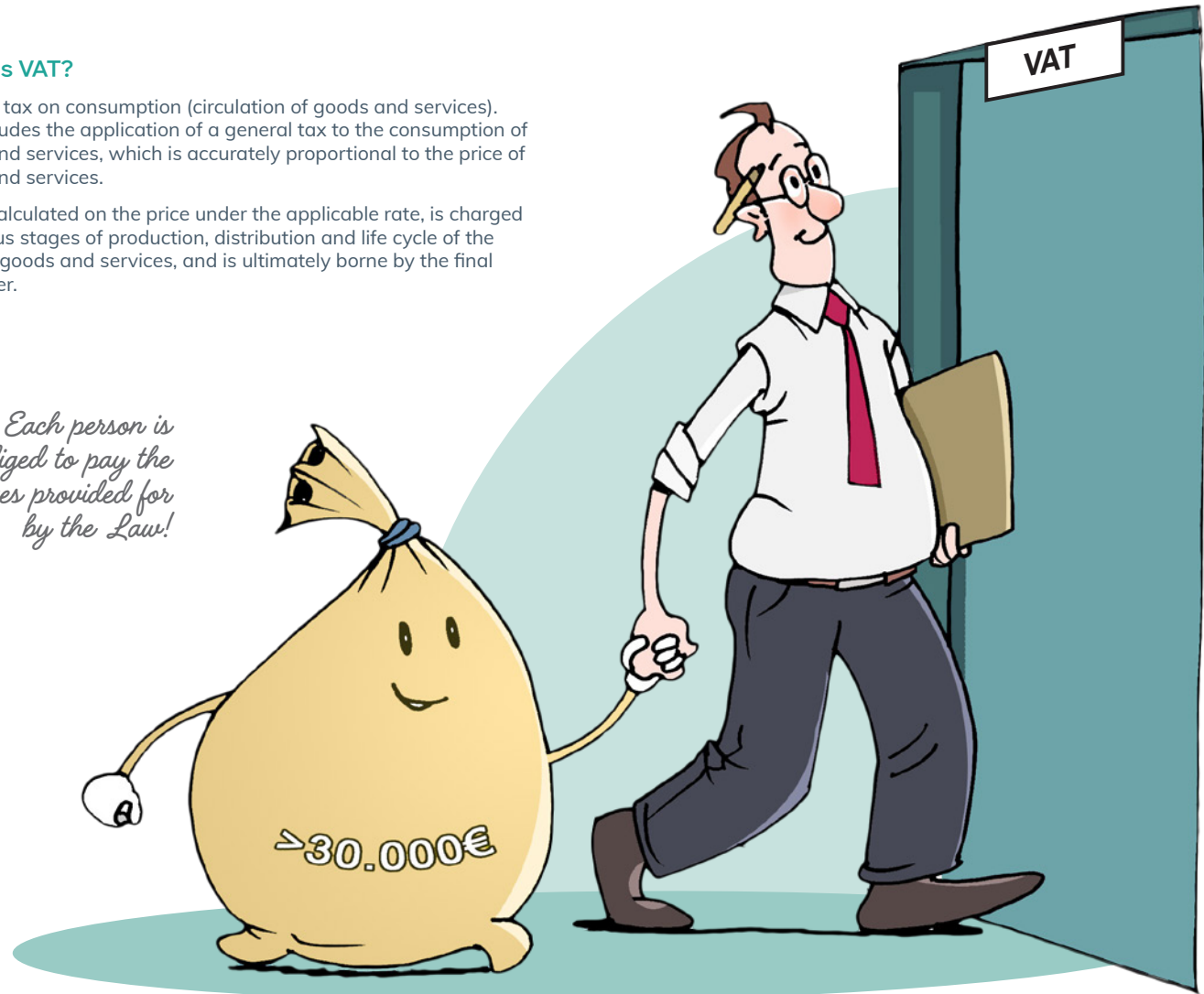
About **50% of TAK's revenues** are generated from Value Added Tax

What is VAT?

VAT is a tax on consumption (circulation of goods and services). VAT includes the application of a general tax to the consumption of goods and services, which is accurately proportional to the price of goods and services.

VAT is calculated on the price under the applicable rate, is charged at various stages of production, distribution and life cycle of the trade in goods and services, and is ultimately borne by the final consumer.

Each person is obliged to pay the taxes provided for by the Law!



Leaflet

Value Added Tax

Leaflet on Value Added Tax is aimed at educating and informing taxpayers of their rights and obligations with regards to the Personal Income Tax (PIT).



Administrata Tatimore e Kosovës
Poreska Administracija Kosova
Tax Administration of Kosovo



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20 YEARS OF
COOPERATION
& FRIENDSHIP



Administrata Tatimore e Kosovës
Poreska Administracija Kosova
Tax Administration of Kosovo

Who should register for VAT and how?

Any person who conducts economic activity independently and exceeds a turnover of thirty thousand euros (€ 30,000) within a calendar year must apply to be registered for VAT.

The application is done electronically via TAK's website www.atk-ks.org, namely the EDI Electronic System. Once the application is filed, the system will verify the taxpayer's data. The registration will be done electronically if all the criteria for VAT registration are met. However, in case of failure to meet the criteria, the applicant will receive a message for the non-fulfilment of criteria. Upon the VAT registration, a message will be sent to the applicant informing that the registration has been completed successfully and indicating the VAT number. The applicant will also be informed, electronically, for withdrawing the VAT Certificate at the relevant Taxpayer Service Office.

Who can voluntarily register for VAT?

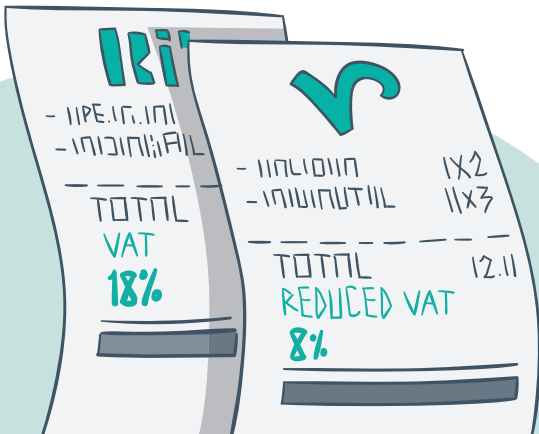
A person involved in an independent economic activity with a turnover below the threshold of thirty thousand euros (€ 30,000) within a calendar year may be voluntarily registered for VAT. From the moment of becoming a VAT declarer voluntarily, they assume the rights and responsibilities as any other VAT declarer.

When can one deregister for VAT?

A VAT declarer may request to cancel VAT registration if their turnover during the last calendar year is below the threshold of thirty thousand euro (€ 30,000). Deregistration takes effect two (2) months after the date of filing the request if the latter is approved by TAK.

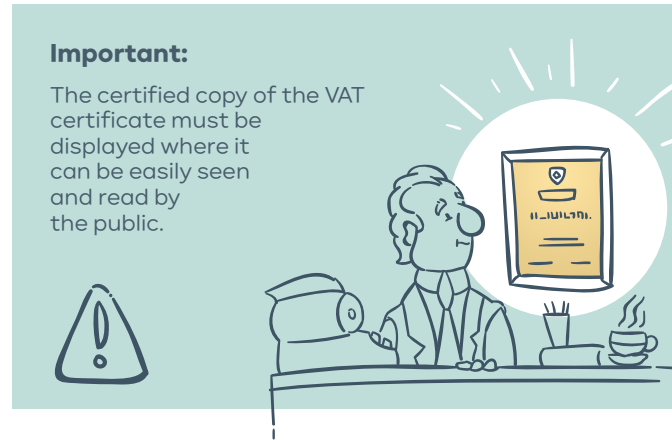
What are the VAT rates?

- VAT standard rate is 18%;
- VAT reduced rate is 8%.



Who is obliged to declare VAT?

Any person who independently conducts economic activity in Kosovo and exceeds a turnover of thirty thousand euros (€ 30,000) within a calendar, a person who voluntarily wishes to register for VAT and any non-resident person in Kosovo (regardless of the threshold) must register for VAT, thus becoming VAT declarers who must declare VAT on a monthly basis.



Important:

The certified copy of the VAT certificate must be displayed where it can be easily seen and read by the public.

When should VAT be charged?

Every VAT declarer must charge VAT on taxable supplies made to their customers. The obligation to charge VAT arises upon the supply of goods or services. VAT becomes chargeable depending on which of the following occurs first:

- Supply of goods or services;
- Issuance of invoice regarding the supply of goods or services; or
- Receipt of advance payment before the supply of the good or service.

Notwithstanding the aforementioned, in cases when the law sets forth specific rules, the general rules are not applied.

What if a person charges VAT without being registered for VAT?

A person who is not registered for VAT and charges VAT on supplies made will be subject to VAT obligation for those supplies and penalties provided for by the tax legislation.

When should VAT be declared?

VAT declaration and payment must be made at the latest by the 20th of the following month for the preceding month. For instance, the declaration of July must be submitted at the latest by 20 August of the same year. In cases when the 20th is a holiday or weekend, the declaration deadline is considered the next business day.

When is one entitled to deduct VAT and how is it done ?

Deductible VAT arises when the VAT becomes chargeable. A VAT declarer may deduct from their VAT obligations the VAT paid in respect of purchases of goods and services. The right to deduct the deductible VAT belongs to all VAT declarers who use or intend to use those purchases for taxable and exempt supplies with the right to deduct the deductible VAT.

How long can the right to recognize the deductible VAT be used?

In case a VAT declarer fails to deduct the deductible VAT within the relevant tax period, he/she may deduct this amount of deductible VAT at any time after the relevant tax period but not later than in the last tax period of the calendar year following the year in which the taxpayer was entitled to deduct the deductible VAT.

Who is liable for paying VAT?

- A VAT declarer who provides a taxable supply of goods or services, unless the law stipulates that the VAT must be paid by the other person;
- A person who is registered for VAT purposes in Kosovo, to whom goods and services have been supplied by a taxable person not established in Kosovo, given that the place of supply is considered to be Kosovo;
- A person who presents VAT on an invoice;
- A person who is responsible for paying customs duties on imports as defined by the customs legislation in force;
- A person who ceases from including goods in customs warehouses, other warehouses and similar arrangements;
- Tax representative as a person liable to pay VAT on behalf of a taxable person not established in Kosovo.

What are the VAT refund procedures?

For requesting a VAT refund, the following criteria must be met:

- To be in credit balance for three consecutive months.
- At the end of the third month, the amount of VAT credit must exceed the value determined by the law.
- In addition to this rule, the person dealing with exports may claim VAT refund after each tax period.
- To have all VAT returns and other types of tax declared for all past periods. All applicable customs provisions must also be fulfilled for exports.
- In addition to the above procedures, the request for monthly refunds may also be filed by the European Commission contractor, regardless of the amount of the loan.
- The statutory limit does not apply to a person who interrupts their economic activity.