TAXPAYER SURVEY 2019

Transparency, efficiency, fairness, and service-orientation of Tax Administration in Kosovo

Conducted by:
TAXPAYER SURVEY 2019
KOSOVO

SECTION I: OVERALL RESULTS ON TAXPAYER SURVEY

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Dear,

The mission of the Tax Administration of Kosovo is raising the level of voluntary compliance in accordance with the applicable tax legislation, as well as providing professional, transparent and effective services to taxpayers. TAK has an obligation established by law to ensure uniform application of legal provisions for all taxpayers, in the same way for the same situations.

TAK tax system is based on the principles of voluntary compliance, while voluntary compliance is supported by persons who comply with tax legislation and voluntarily declare and pay their tax liabilities. The Tax Administration is constantly creating conditions to make voluntary compliance easier, and we are making constant efforts to gain the trust of the public to administer our tax system fairly and transparently. This is also the vision of TAK since its establishment "To be reliable and respected, as well as be well comparable to the leading tax administrations in Europe".

We believe that the most effective way to achieve and maintain voluntary compliance is by building trust and mutual respect between the Tax Administration and Kosovo taxpayers.

We are convinced that most taxpayers honestly fulfil their tax liabilities, thus contributing to the increase of state revenues to cover public expenditures. The number of conscientious and honest taxpayers who voluntarily fulfil their legal obligations is constantly increasing and TAK aims to provide assistance to these taxpayers to facilitate the fulfilment of tax liabilities.

This survey aims to identify areas for improvement so that, based on the findings of this survey, we will guide our activities in order for our taxpayers to realize the rights that belong to them by law, and we will not allow those rights to be violated in any form. We also believe that you, honourable taxpayers, will continuously join TAK by giving your contribution to ensure that the treatment by the Tax Administration of Kosovo is fair and legal and that everyone is paying their fair share.

We do our job based on our values, which are: Professionalism, integrity and honesty, efficiency, service excellence and transparency. We believe that these values guide us in the way we treat taxpayers and the various partners we work with. By respecting these values we will achieve the results of a transparent and efficient Tax Administration.

Ilir Murtezaj
General Director
Executive Summary

This study focuses on the perception of taxpayers, including individuals and businesses of different size and sector, regarding the work and services offered by Tax Administration in Kosovo (TAK). Specifically, the aim of this study is to assess taxpayers’ opinion on TAK mandate, availability of information from TAK, the difficulty and time-consumption of TAK procedures, the professionalism and treatment they receive by TAK’s staff, and their recommendations on how can TAK improve its services. This report provides a picture of the current situation of TAK based on taxpayers’ opinions and offers insights for areas that need further improvement.

This research study utilizes a mixed, quantitative and qualitative, methodology. The sample size for the quantitative survey included 1,615 taxpayers in all 38 municipalities in Kosovo, with a special focus in the construction industry. However, this report presents the overall study results, and the Section II report presents specifically the results from the construction industry. The qualitative survey included semi-structured interviews with stakeholders and six focus groups with women and men in business, businesses in construction industry, stakeholders, non-governmental organizations and taxpayers who have had contact with the Office for Fines and Penalties (ZGJoNA).

The findings of this report have been separated into four main categories presented below.

Transparency of Taxpayers’ Rights and Obligations

In general taxpayers were satisfied with the availability of information from TAK. The majority of the taxpayers agreed that TAK information is clear, complete, and easy to find either through online sources or organized meetings and seminars. Most of the business taxpayers hire an accountant or accounting firm to address tax-related obligations and get informed for tax-related changes. The reason behind it, is that often times they do not completely understand TAK requirements and it saves time and costs to businesses. Through the focus group discussions, taxpayers have recommended for summaries of information to be available, which are more important to businesses and can be quickly reviewed in case they need to.

Burden of Compliance: Complexity, Time-Cost of Procedures

In general, the majority of the interviewees rated tax-related procedures, such as declaration and reporting, and payment as easy, and that is in most cases due to TAK reforms, such as E-filing, establishment of call centres, etc. Documentation & book keeping and reimbursement were rated as the most difficult procedures. However, the difficulty of the procedures has improved significantly from 2015 to 2019. Reimbursement, filing complaints, and audit visits are rated as the most time-consuming
procedures. However, compared to 2015, the number of taxpayers who rated reimbursement and filing complaints as time-consuming decreased significantly.

Professionalism and Fair Treatment of Taxpayers

In general, taxpayers agreed that the professionalism of TAK has significantly improved in the last four years. Furthermore, the engagement of TAK inspectors in an unethical behaviour has decreased compared to the last four years.

More than two thirds of the taxpayers agree that TAK treats different categories of taxpayers and taxpayers of similar sector and size equally. Compared to 2015, the number of people who think that TAK treats different categories of taxpayers equally and taxpayers of similar sector and size equally increased for two and six percentage points, respectively. According to taxpayers, the attitude of the TAK inspectors has improved compared to 2017. TAK inspectors try to understand mistakes and provide advice on how to deal with it, which was one of the main recommendations of the 2017 round of the survey. The majority of the taxpayers have not heard about the Office for Fines and Penalties (ZGJoNA), or have little to average knowledge about it.

Service Orientation: Services Offered

In general, taxpayers were satisfied with the treatment by and professionalism of TAK officials. The highest improvement from 2017 has been noted in the professionalism of the TAK officials and the availability of request forms, where the number of taxpayers who were satisfied with these two aspects increased by around 10 percentage points. The majority of the taxpayers rated the perception of large-scale tax evasion by the rich and powerful, poor management of taxpayers' money by the government, and non-payment of taxes by competitors as the main important factors towards tax evasion. On the contrary, the majority of the taxpayers claimed that the morale of a responsible citizen, tax system with low and simple tax rates and educational programs for taxpayers are the main factors that contribute to tax compliance and payment.
Introduction

Kosovo tax system is a debatable issue, mainly because of tax noncompliance and informal economy. The causes of informal economy in developing countries, both economic and non-economic, range from insufficient economic development, bureaucratic incompetence among government agents and high level of corruption, ineffective enforcement mechanisms, weak institutional and legal framework, a complicated tax system and conflict between past economic norms and reaction to new reality. ¹ To address these issues, Tax Administration in Kosovo undertook various steps, such as the simplification of tax laws, digitalization of tax procedures, provision of information, and enforcement of compliance mechanism.² The above-mentioned steps came as a result of knowledge-based facts from TAK and the 2015 and 2017 Taxpayers Survey with individuals and businesses in all 38 municipalities in Kosovo.

In order to measure the effectiveness of the steps taken by TAK and gather comparative data, another study was initiated in 2019. Funded by GIZ and implemented by UBO Consulting, this third round of the study included quantitative and qualitative interviews with individual taxpayers and businesses in all seven major regions of Kosovo. The study results will support TAK on the implementation of 2015-2020 strategic objectives, which are summarized in the TAK Strategic Plan 2015-2020.³

For the data to be comparative, the questionnaire used in 2019 was almost identical to that of the 2017 and 2015 study. The questionnaire was divided into four main sections: Transparency of Taxpayers’ Rights and Obligations; Burden of Compliance; Professionalism and Fair Treatment by TAK; and Service Orientation. In order to solidify and support the findings of the quantitative survey, UBO Consulting has conducted qualitative interviews with identified key stakeholders and focus groups with business representatives. By using the recent data, this report is mostly oriented towards further improving the capacities of tax inspectors, enhancing the efficiency and legal impartiality of audits, as well as solidifying the channels of communication between Kosovar taxpayers and TAK offices and officials. This report is among the main outputs of GIZ’s project “Reform of Public Finance Systems,” aiming to provide periodic data to TAK, so that they have access to information and take reliable decisions.

This report starts by providing a background on TAK’s policy and tax system in Kosovo by looking at the available data, the strategies and the goals of new initiatives. Kosovo’s tax background is complemented with a short summary of some of the key studies on the field. The second section describes the employed methodology, while the third part provides the analysis of the study results.

Background

Kosovo’s tax system

Economic policy is a tool by which economic entities aim to achieve goals in the short or long-term. Thus, fiscal policy, together with monetary policy, are two significant components of a state’s economic policy, aiming general stability of prices, employment growth, and economic growth. Kosovo does not have a monetary policy due to the adoption of the Euro as the country’s currency; thus, fiscal policy is an essential instrument of economic policy in Kosovo. As such, in Kosovo’s economy, taxes directly affect the overall economic performance considering that a large part of the activities for macroeconomic purposes are performed through public revenues (taxes).

Box 1 – Tax System in Kosovo

Kosovo has a relatively simple tax system oriented towards simple regulations that aim for a broad tax basis and the prevention of tax evasion. Taxes differ based on the type of business and annual turnover. Currently, Kosovo has a tax system based on EU-compatible fiscal policies.

Kosovo’s tax and customs policies include direct and indirect taxes, such as Corporate Income Tax, Personal Income Tax, Value Added Tax, Customs Duty, and Excise Tax. The latest data up until 2016, show Value Added Tax (VAT) as the primary tax in Kosovo. Since September 2015, VAT has changed in two rates: for some essential products VAT decreased from 16 percent to 8 percent; VAT for other products increased from 16 percent to 18 percent. The VAT norm for certain categories is 0%.

The Corporate Income Tax (CIT) applies to taxable corporate income. Taxpayers with annual gross income of €50,000 or less are taxed in a range from three to ten percent depending on the activity. Moreover, taxpayers with annual gross income of over €50,000 are taxed at 10 percent of their taxable income.

Personal Income Tax (PIT) applies to incomes from a range of sources such as wage, business, rent, interest, real estate, etc. It follows a mildly progressive rate at zero percent for salaries up to 960 €/year; four percent from 960 to 3,000 €/year; eight percent between 3,001 and 5,400 €/year and ten percent over 5,400 €/year. An evident weakness of the current system is its high dependence on tax revenues collected through imports (around 75% of overall VAT). This comes as a result of Kosovo’s negative balance in the Current Account (i.e. importing more than exporting).


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Taxes are the most important source acquiring public revenues, it amounts about 88 percent of total revenues and grants during 2014 and 2018. In 2018, the Kosovar Government had 2,006.1 million EUR revenues, where the largest parts of revenues were taxes on products that accounted for 67% of total revenues.\(^5\) Tax revenues as a share GDP rose from 21.1 percent in 2008, to 23.7 percent in 2017.

When looking at nation’s compliance with tax, Kosovo experiences a large tax gap. The tax gap is the difference between the amount of tax that citizens should pay and the taxes paid deliberately and on time. Challenges on tax compliance are acute when it comes to the value added tax (VAT) and the personal income tax (PIT) mainly due to the combination created from tax evasion by the taxpayers and the weak enforcement capacity leading to the inability to pursue noncompliant taxpayers.

According to a study conducted by the EU in 2017, estimating informal economy, suggests that informal economy in Kosovo amounts for around 32% of the GDP, where more than 8% of GDP estimated from illegal activities. According to this study, the VAT gap is not less than 33%, in CIT and PIT 33% and 35% respectively.\(^6\)

Based on the study “To pay or not to pay,” 62.7% of respondents declared that it is relatively easy to evade taxes in Kosovo, even though there is a high chance of getting caught. This tax evasion could be narrowed from enhanced law enforcement. Tax evasion is also connected to the intrinsic incentives of not evading taxes, known as tax morale. Tax morale is the motivation of citizens to pay taxes not because of legal obligation but instead as an element of human’s virtue.

On the other hand, perception of firms on tax evasion by competitors is an important factor that contribute to tax evasion. Tax evasion in Kosovo is responsible for 15-25 percent of the tax gap.\(^7\) Nevertheless, shifting the informality proportion of the economy into the formal sector would contribute to broadening the tax revenues and to improving the quality of work.

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Table 1 - Tax Revenue in Millions of Euros (2016 -2018) (Source: Ministry of Finance (Annual Financial Report 2018))

<table>
<thead>
<tr>
<th>Tax Revenues</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax (CIT)</td>
<td>€ 80,817.00</td>
<td>€ 75,277.00</td>
<td>€ 86,797.00</td>
</tr>
<tr>
<td>Presumptive tax</td>
<td>€ 21.00</td>
<td>-</td>
<td>€ 60.00</td>
</tr>
<tr>
<td>Profit tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate tax</td>
<td>€ 80,797.00</td>
<td>€ 75,277.00</td>
<td>€ 86,737.00</td>
</tr>
<tr>
<td>Personal income tax (PIT)</td>
<td>€ 123,982.00</td>
<td>€ 136,924.00</td>
<td>€ 152,820.00</td>
</tr>
<tr>
<td>Salary tax</td>
<td>€ 79,851.00</td>
<td>€ 85,635.00</td>
<td>€ 97,087.00</td>
</tr>
<tr>
<td>Individual business tax</td>
<td>€ 32,125.00</td>
<td>€ 32,547.00</td>
<td>€ 33,765.00</td>
</tr>
<tr>
<td>Tax on rent and intangible assets</td>
<td>€ 819.00</td>
<td>€ 596.00</td>
<td>€ 478.00</td>
</tr>
<tr>
<td>Source withheld tax, interest property right</td>
<td>€ 11,187.00</td>
<td>€ 18,146.00</td>
<td>€ 21,490.00</td>
</tr>
<tr>
<td>Value added tax (VAT)</td>
<td>€ 693,754.00</td>
<td>€ 756,117.00</td>
<td>€ 799,020.00</td>
</tr>
<tr>
<td>Internal VAT</td>
<td>€ 179,203.00</td>
<td>€ 198,341.00</td>
<td>€ 213,131.00</td>
</tr>
<tr>
<td>Deferred VAT</td>
<td>€ 90.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Border VAT</td>
<td>€ 514,461.00</td>
<td>€ 557,776.00</td>
<td>€ 585,889.00</td>
</tr>
<tr>
<td>Excise tax</td>
<td>€ 403,296.00</td>
<td>€ 432,279.00</td>
<td>€ 418,903.00</td>
</tr>
<tr>
<td>Border excise tax</td>
<td>€ 390,922.00</td>
<td>€ 419,968.00</td>
<td>€ 403,472.00</td>
</tr>
<tr>
<td>Internal excise tax</td>
<td>€ 12,374.00</td>
<td>€ 12,311.00</td>
<td>€ 15,431.00</td>
</tr>
<tr>
<td>Property tax</td>
<td>€ 25,128.00</td>
<td>€ 22,407.00</td>
<td>€ 24,196.00</td>
</tr>
<tr>
<td>Other direct tax</td>
<td>€ 2,194.00</td>
<td>€ 3,426.00</td>
<td>€ 3,692.00</td>
</tr>
<tr>
<td>Other indirect tax</td>
<td>€ 372.00</td>
<td>€ 847.00</td>
<td>€ 2,460.00</td>
</tr>
</tbody>
</table>

One of the steps that the Tax Administration of Kosovo has taken to improve the collection of taxes was by increasing the awareness of citizens on the importance of taxes for the improvement of the economic situation in Kosovo. They have used different strategies throughout the years. One of the steps that the Tax Administration of Kosovo has taken to improve the collection of taxes was by installing the Electronic Cash Registrars (ECR) and by increasing the awareness of citizens on the importance of taxes for the improvement of the economic situation in Kosovo. ECR and awareness campaign strategies were both used throughout the years to increase the collection of fiscal coupons by all clients/customers. An example of these strategies is the campaign where customers who collected fiscal coupons were able to submit them to TAK and in return receive a refund as cashable income.

However, the most recent strategy was done by using behaviourally informed interventions. These interventions embodied the economic, social and psychological factors which affect how people act and think. Other traditional means that were used involved individual audits and also business visits, they were proven to be difficult to be

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managed, resulting in inefficiencies. Whereas, this strategy was less costly in resources and time, and showed results to be more effective. There were three experiments conducted in 2018 which involved sending behaviourally informed reminders while using e-mails, letters and short messages to various groups of taxpayers. The objective of these messages was to induce timely and honest declarations and payments. This strategy viewed the taxpayers as clients and expressed voluntary tax compliance with a positive tone, by showing the benefits of paying tax rather than negative messages such as deterrence.⁹

Methodology

This study employs a mixed, qualitative and quantitative, research methodology, using three main research tools: quantitative surveys, semi-structured interviews, and focus group discussions. The quantitative questionnaire is primarily composed of closed-ended questions, aimed to target the registered taxpayers in Kosovo. Semi-structured interviews entailed a mix of closed and open-questions with stakeholders, while focus groups discussions included in-depth questions with six main target groups. Each of the sections are explained in detail below.

Quantitative survey

The sample size for the quantitative survey included 1,615 registered taxpayers in all 38 municipalities of Kosovo, divided proportionally into seven main regions. The sample size used a multi-stage cluster sampling determined from the taxpayer's registry as of January 2019 provided by TAK. The first stratification was done by region. Region based quotas were determined based on the population-of-interest size maintaining probability proportionate to size (PPS). The second stratification was done by municipality, and the third stratification was done by the taxpayer's type of activity. The sample was designed to have a representation of all ethnicities in Kosovo, allocated based on taxpayer’s registry.

Table 2: Quantitative Interview: Sample Size by Region

<table>
<thead>
<tr>
<th>Location Area</th>
<th>Prishtinë/Pristina</th>
<th>Prizren</th>
<th>Pejë/Pec</th>
<th>Gjakovë/Djakovica</th>
<th>Gjilan/Gnjilane</th>
<th>Ferizaj/Uroseyac</th>
<th>Mitrovicë/Mitrovica</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>90.4%</td>
<td>75.8%</td>
<td>73.5%</td>
<td>79.5%</td>
<td>79.3%</td>
<td>82.7%</td>
<td>83.2%</td>
</tr>
<tr>
<td>Rural</td>
<td>9.6%</td>
<td>24.2%</td>
<td>26.5%</td>
<td>20.5%</td>
<td>20.7%</td>
<td>17.3%</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

The quantitative survey included face-to-face interviews with business owners or managerial staff, and individual taxpayers. In total 1,579 businesses were interviewed and 77 non-business taxpayers. The chart below presents the type of businesses interviewed:
The aim of the questionnaire was to assess the opinion of taxpayers regarding the TAK performance, focusing in areas such as transparency, efficiency, equitability, and service orientation. The questionnaire used for this survey was designed by UBO Consulting in cooperation with the GIZ staff in Albanian language. It was also translated into English and Serbian language, and tested to check that the translated version does not include words or expressions that might be offensive to any community or suggest a specific answer for the questions. Questionnaires were administered through ASKIA system, which increased the quality of the data and decreased the error margin from data entry and computation.

**Semi-structured Interviews**

Semi-structured interviews with 15 stakeholders were conducted, comprised mainly of business associations, chambers of commerce operating in Kosovo, and other relevant stakeholders. The sample consisting of key stakeholders was finalized in coordination with GIZ staff. The questionnaire for this part was designed with open-ended questions related to key informants’ knowledge and opinions on targeted topics of this survey, such as, TAK’s performance with regard to transparency, efficiency, equitability and service orientation. The questions were prepared in English, Albanian and Serbian language. Questions aimed to yield more insights from relevant stakeholders regarding their perception of and suggestions for TAK. Additionally, these interviews also aimed to take a closer look at the cooperation and relation of the stakeholders with TAK in Kosovo.

**Focus Group Discussions**

Lastly, six focus groups were organized to confirm results and get further explanations on the findings of the quantitative interviews. Two focus groups were organized with men and women as business owners; one focus group with stakeholders; one focus group with taxpayers who have dealt with TAK Office for Fines and Penalties (ZGJoNA); one focus

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10 The quantitative questionnaire used in this survey can be found in Appendix I
group with NGOs; and one focus group with businesses of construction industry. The organized focus groups allowed the discussion of sensitive categories with taxpayers and provided recommendations based on issues highlighted during these sessions. The focus group guidelines strictly followed the overall research questions that were mentioned above (TAK transparency, efficiency, fairness, and service orientation).
Study Results

Due to the type of taxpayers interviewed, the quantitative survey is not gender-balanced, with a significant difference between male and female participants. Only 12 percent of the sample consisted of females, while 88 percent of the sample consisted of males. This quantitative survey included business owners (71%) business managers but not owners (13%), employees with significant role within the company (13%), and other staff (2%).

The graph below shows the gender composition of the quantitative survey based on the job functions within a company. The majority of the decision-making roles within a business in Kosovo are occupied by males, compared with a very low percentage by females.

The results section follows the following order: the first section presents general information about taxpayers and their communication with TAK. The second section of the results offers insights on the transparency of taxpayer rights and obligations, whereas the third section presents data on the burden of compliance, mainly concerning the complexity and time-costs of TAK procedures. The final section assesses TAK’s professionalism towards treatment of taxpayers and the quality of services offered.

General Information

Respondents were first asked on the method they use to fulfil tax obligations. More than half of the respondents (67%) claimed that they use an accounting firm or an accountant to deal with tax-related obligations and 21 percent of them claimed to deal with tax obligations personally or through an employee. As pointed out from participants in focus group with women in business, the reason of using an accountant is also related to the lack of understanding all tax-related policies and lack of time to fully address TAK requirements. According to the focus group with men in business, using an accountant lowers the possibility of mistakes and business data are better documents and ready for TAK.
Almost half of the taxpayers (40%) meet or exchange information with competent TAK officials once a year, while third of them do so every quarter. Around 15 percent of the taxpayers claimed to never meet/exchange information with competent TAK officials, that is mainly because they have an accountant who is responsible for TAK-related communication.

In general, 40 percent of the respondents claimed to have not been subject to a visit due to a non-fulfilment of obligations in the past two years. In order to avoid confusion, additional explanation was given to the respondents on the type of visits, including but not limited to information request from TAK officials, request for documentation, information provided by TAK officials on obligations and TAK news, etc.
When asked about audits or tax audit visits, 51 percent of the respondents claimed to have been audited in the past two years.

Among those who were audited by TAK officials, 91 percent of them received a report. Of those who received a report, 18 percent were satisfied with its content and 73 percent were somewhat satisfied. According to focus groups with men and women in business, it is advisable for the reports to contain more information, state the problem clearly, and give recommendations on improvement.

Information-wise, 52 percent of the respondents of the quantitative survey claimed that they have been actively searching for information from TAK publications or other resources, such as website, leaflets, frequently asked questions (FAQ), etc. On the contrary, 48 percent of the respondents claimed to not have searched for information.
from these sources. Around 40 percent of the respondents claimed to have requested tax-related information directly from TAK, and of those 94 percent claimed to have received a response for tax-related information directly from TAK. Compared to 2017, the number of people who requested information directly from TAK decreased by 10 percentage points, while the number of people who actually received a response to their request increased by 5 percentage points.

Those who actually received a response, were asked on the channel through which they received the information. Around half of the respondents claimed to have received the information directly from TAK officials (in person), and a third of them claimed to have received the information through email. Phone and SMS channel of information were mentioned less by the respondents, with 14 and 1 percent, respectively.

![Figure 8: Information channel](image)

Around 7 percent of the respondents claimed that the information provided by TAK did not fulfil the respondent’s request, while 93 percent claimed the opposite.

![Figure 9: Satisfaction with the information received](image)

Next, respondents were asked to rate, based on their opinion, each of the options presented in Figure 10 as an important or not important part of the TAK mandate. Respondents were allowed to choose more than one option as TAK’s mandate.

Ninety-five percent of the interviewees said that TAK’s mandate is to force taxpayers to pay taxes and fight tax evasion collect taxes; 93 percent said that TAK’s job is to inform/educate taxpayers on how to pay taxes. The third and fourth most chosen options
for TAK’s mandate are to collect taxes and to inform taxpayers for tax declaration. Collection of pension contributions is chosen by 70 percent of the respondents. TAK is an authorized agent by the Kosovo Pension Savings to administer and collect pension contributions.\footnote{Law No. 03/L-222 for Tax Administration and Procedures} Around 66 percent of the respondents said that TAK’s mandate includes setting tax rates. Around 48 percent of the respondents said that collection of custom duties are TAK’s task, while this is not the case because the collection of custom duties are a task of Customs Authorities.

Compared to the previous year it seems that taxpayers are more informed about the TAK mandate in 2019. Figure 9 shows that compared to 2017, this year's study shows that the number of taxpayers who think that TAK's responsibility is to set tax rates decreased by four percentage points, and the percentage of those who stated that TAK's mandate includes collecting custom duties decreased by 14 percentage points.
Transparency of Taxpayer Rights and Obligations

Table I: Summary of Taxpayers Rights and Obligations Findings

- 85% of the respondents are satisfied with TAK’s publication of information (the information is clear, easy to access, reliable, and complete).
- Taxpayers get information about their rights and obligations mostly through company’s accountant/accounting firm, through TAK office, and TAK website.
- Taxpayers get information about changes in tax legislation mostly from announcements via TAK website, notifications from TAK inspectors, and media coverage.

This section assesses the taxpayers’ opinion on the availability of the information from TAK about the taxpayers’ rights and obligations. Rights include ability to contest TAK findings, file a complaint, have access to regulations and decisions, etc., and obligations refer to taxes to be paid, documentations required by TAK, procedures to be followed, etc. Specifically, the aim is to get insights on the clarity and easiness of accessing information.
from TAK, as well as complying with obligations by taxpayers. Additionally, this section presents information on the sources taxpayers use to get information about TAK policies, procedures, and regulations.

For simplicity purposes, ‘no’ and ‘rather no’ responses have been summarized into one category as “No,” and ‘yes’ and ‘rather yes’ have been grouped into one category as “Yes.” The third category is the “Do not know” category.

First, respondents were asked to state their general satisfaction with the information on taxpayers’ rights and obligations provided by TAK. Around 85 percent of the respondents claimed to at least be rather satisfied with TAK’s job on making the information on taxpayers’ obligations and rights available in a satisfying way. A similar percentage of respondents claimed that it is rather easy to find and obtain information by TAK (89%) and seven percent claimed the opposite. Such a claim has been also confirmed in focus group discussions with men and women in business and NGOs, where the majority of the participants claimed that it is easy to access tax-related information.

In addition, 89 percent of the respondents think that this information that is provided by TAK includes all the important rights and responsibilities for taxpayers. Seven percent of the respondents think the opposite.
Respondents were also asked about the reliability of the data provided by TAK. This question refers to whether the information provided by TAK is factually true, consistent, and up-to-date if it is received from different sources. Ninety-one percent of the respondents think that the information provided by TAK is reliable, and five percent think that it is not reliable.

From the perspective of TAK, it is important to know which channels of information taxpayers use the most to get information about their rights and obligations towards TAK. Respondents were asked to mention the primary sources they use to get information. In general, accountant or lawyer was mentioned most frequently compared to the other sources of information (58%), followed by TAK officials (43%) and TAK webpage (40%). Compared to the previous round where TAK webpage was the primary source of information, this year accountant/Lawyer was the main source of contact for the interviewed taxpayers. According to the focus groups and in-depth interviews, accountants are in direct contact with TAK and as such are prone to updated and reliable information and have the education and capacity to fully understand TAK requirements.

In cases when there are changes in tax legislation, taxpayers claimed to be informed mostly from announcements via TAK website (32%), notification from inspectors (18%), announcement from media, including TV stations, Radio stations, and Internet (16%), from direct notifications (14%) or through the accountant (10%).
According to the respondents, more information needs to be offered about the tax legislation and procedures. In contrary, respondents from the focus group discussions claimed that there is plenty of information available on Laws and procedures, but considering the level of education and understanding of businesses in Kosovo, TAK should offer simplified versions for the main points that businesses deal with most often.

Another request specified in both quantitative survey and focus group with men in business, was for the business to be able to get business-related statements (i.e. business situation at TAK) through an online system. Businesses claimed that for tender and grant applications they need to deliver a document that states the business situation at TAK. To get this document, businesses need to visit TAK premises, and it would be easier for them if they would have the chance to get this document through the online system.

Additionally, participants in all these three focus groups and in quantitative survey suggested for more work in increasing the professionalism and knowledge of TAK employees, needed to improve the correctness and employees’ attitude.
The burden of compliance focuses on the complexity and time needed to fulfil the procedures and obligations required by TAK. As such, this section accesses the level of difficulty that taxpayers face with regard to registration, documentation, and declaration of taxes, which at the same time can be referred to as recommendations to TAK for improvement and bettering of policies and procedures.

In general, the majority of the respondents rated tax-related procedures, such as documentation, declaration, and payment as easy (71%) and 26 percent of them rated these procedures as somewhat burdensome. Compared to the last round, this easiness rating has improved by 9 percentage points.

Next, respondents were asked to rate the difficultness of each of the following TAK procedures in a scale from one to four, where one means “easy,” two means “rather easy,” three “rather difficult,” and four means “very difficult.”

For simplicity purposes, easy and rather easy have been grouped into one category presented as “Easy” in Figure 17, and rather difficult and very difficult have been grouped into one category named as “Difficult.”

As it can be seen from the figure below, documentation and book keeping is rated as the most difficult TAK procedure, where 19 percent of the respondents rated it as difficult, followed by registration (18%), and reimbursement, where 17 percent of the respondents rated it as difficult. Compared to the previous round, reimbursement was not one of the main issues reported and discussed. Audit visits and declaration and reporting are rated similarly regarding their difficultness (14%), making them as such the fourth and fifth most difficult rated TAK procedures. On the contrary, the majority of the respondents rated payments (86%) and declarations and reporting (83%) as easy TAK procedures, and that comes as a result of TAK reforms, such as E-filing, call centres, etc.
Compared to the previous rounds (2015 and 2017), the difficulty of the TAK procedures has decreased for all of them. Reimbursements were rated as the most difficult TAK procedure in 2015 by 53 percent of the respondents. A decrease of this percentage to 17 percent in 2019 demonstrates TAK efforts taken in four consecutive years towards the simplification and improvement of reimbursement process.

Filing complaints was also rated as a difficult TAK procedure by 46 percent of the respondents in 2015, while in 2019 this percentage decreased to 12 percent. Obtaining tax certificates was rated as difficult by 44 percent of the respondents; however, with the electronic system reform this procedure has been simplified and as such the number of respondents who rated it as difficult in 2019 decreased by 28 percentage points. Overall, the easiness of TAK procedures has been improved from 2015 to 2019 as a result of the improvements in legislation and reform taken by TAK.

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**Figure 18: Taxpayers’ Ratings on the Difficulty of TAK procedures**

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12 Audit visits/tax audit is a TAK procedure that was added in the 2017 questionnaire but was not asked in the 2015 questionnaire.
Besides difficulty, taxpayers’ opinion was assessed also regarding the time it takes to fulfil these TAK procedures. On average, a taxpayer, either a business that addresses tax-related obligations through employees or an accounting company, or an individual, spends five to six hours per month fulfilling tax-related procedures. Compared to 2017 when five percent of the respondents, rated reimbursement and filing complaints as very time consuming, in 2019 none of the taxpayers did so. Among other time-consuming policies, registration and documentation/book keeping were also rated as time consuming by 22 percent of the respondents.

Compared to 2015, the time it takes to fulfil TAK procedures has significantly decreased in 2019. In 2015, 54 percent of the respondents claimed that reimbursement takes a significant amount of time, while this percentage decreased in 2019 to 19 percent. Obtaining tax certificates was also rated as one of the most time-consuming TAK procedure in 2015, but it decreased to 19 percent in 2019. This decrease can perhaps be explained by the positive impact of the electronic system established by TAK. Based on taxpayers’ responses, all TAK procedures take less time to fulfil in 2019 compared to 2015. Registration is the TAK procedures that had less improvement from 2015, which would be an area to focus for TAK future strategy.

**Figure 20: Taxpayers’ Ratings on the Time-Consumption of TAK Procedures**
Even though the percentage of respondents who claimed that filing a complaint is difficult and time-consuming decreased from 2015 to 2019, it still remains an issue to be considered by TAK. Respondents in the focus group with NGOs and women in business claimed that filing a complaint is easy, but the process of actually obtaining an answer to it still has room for improvement.

Around nine percent of the respondents filed a complaint in the last two years, and of those 75 percent claimed to have received an official (written) response from TAK. To address this problem, stakeholders recommended the establishment of another review body that would address complaints after they are received and before going to the court, thus saving businesses’ time and financial costs.

In order to improve registration procedure, increase tax compliance, and improve information system, TAK has undertaken various reforms from 2014 and onwards. The quantitative survey assessed the effect of these reforms on taxpayers, by asking the respondents to rate each of the reforms in a scale from one to four. Specifically, one means that the changes in TAK procedures made it very difficult for a taxpayer to comply with tax obligations, and four means that these changes made it very easy to comply with tax obligations.

Fifty-six percent of the respondents said that TAK changes in E-filing have made it easier to comply with tax obligations, while 26 percent claimed that complying with tax obligations is now much easier. Similar percentage follows changes in audit/electronic tax audit, where 52 percent of the respondents claimed that these reforms made it easier to comply with tax obligations, while 23 percent said that it is now very easy to fulfil tax-
related obligations due to these changes. Overall, the majority of the interviewees said that all the changes presented in the figure below either made it easier or very easy to comply with tax-related obligations. According to the focus group with businesses and NGOs, call centres should be equipped with more information. According to the participants, call centres have general information, which can be found in the webpage, as well. However, if one would require specific information about taxes or procedures, they would refer TAK offices. As such, call centres should be more informed and available to provide specific information, not only general information that can be found in other sources as well.

According to the respondents, change is most urgently needed at fiscal cash registers. The main request regarding the fiscal cash registers is related to the maintenance cost and service. According to both the respondents in the quantitative survey and focus group discussions, the maintenance service should be improved and the costs for it should be based on the revenues or the size of the business. According to the participants, the treatment should be the same for businesses and the company that is responsible for the maintenance of the fiscal cash registers. Companies can be punished if the fiscal cash register does not work, however, the maintenance company takes a lot of time to fix a small problem with the fiscal cash registers. According to the participants, more monitoring and regulation should be provided to the company.

The second area stated is closing a business. According to all of the parties in the study, it takes a lot of time to close a business, and this procedure has to be changed. In this regard, TAK and RBAK should be aligned with each other. The information these two institutions have about businesses should be the same, so that in cases of closing a business the information would be easily accessed, which should make it easier to close the business or obtain any business-related procedure.

**Figure 22: Taxpayers' Ratings on TAK reforms**

According to the respondents, change is most urgently needed at fiscal cash registers. The main request regarding the fiscal cash registers is related to the maintenance cost and service. According to both the respondents in the quantitative survey and focus group discussions, the maintenance service should be improved and the costs for it should be based on the revenues or the size of the business. According to the participants, the treatment should be the same for businesses and the company that is responsible for the maintenance of the fiscal cash registers. Companies can be punished if the fiscal cash register does not work, however, the maintenance company takes a lot of time to fix a small problem with the fiscal cash registers. According to the participants, more monitoring and regulation should be provided to the company.

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Professionalism and Fair Treatment of Taxpayers

Table III: Professionalism and Fair Treatment of Taxpayers Findings

- Compared to 2017, the number of people who think that TAK does treat taxpayers of similar sector and size equally, and that TAK is impartial increased by 6 and 12 percentage points, respectively.
- Taxpayers agree that the professionalism of TAK inspectors has increased and unethical behaviour has decreased in the last two years.
- Compared to 2015, the number of taxpayers who disagree that TAK reviews complaints objectively, TAK reviews complaints in a timely manner, and TAK decisions are well and clearly documented decreased by 12, 12, and 10 percentage points, respectively.
- 58% of taxpayers have not heard about the Office for Fines and Penalties (ZGJoNA), or have little to average knowledge about it.

In this section, respondents were asked to evaluate the approach of TAK towards taxpayers. More specifically, respondents were asked to rate the professionalism and fairness of TAK officials and inspectors, in both cases when they visit the business or while taxpayers visit TAK premises.

Respondents were asked to rate each of the following statements with “one” if they do not agree at all with the statement, and “four” if they fully agree with the statement asked. Around 69 percent of the respondents think that TAK treats taxpayers of different categories equally, which is an increase of five percentage points compared to the 2017 round. Around the same percentage of respondents as in 2017 (66%) think that TAK treats equally taxpayers of similar sector and size (72% in 2019). Even through focus group discussions, some of the participants agreed with the statement that TAK inspectors do not treat businesses of different size equally. According to them, smaller businesses are more frequently controlled and visited.

Furthermore, as seen in Figure 26, the majority of the respondents (74%) agree that TAK punishes all tax offenders in accordance with the law and 77 percent of the respondents agree that inspectors inspect taxpayers based on objective criteria.
Compared to 2017, the number of people who agree with these statements has increased in 2019. The share of taxpayers who think that TAK punishes all tax offenders in accordance with the law increased by six percentage points. The number of taxpayers who think that TAK treats taxpayers of similar sector and size equally has also increased by six percentage points, while those who think that TAK inspects taxpayers based on objective criteria increased by 12 percentage points. Less improvement was seen at the treatment of all different categories of taxpayers equally by TAK, where around the same percentage of taxpayers in 2017 and 2019 think that TAK inspection is biased. However, this category has experienced a continuous improvement from 2015 to 2019.
Next, respondents were asked to specifically rate audit visits. More precisely, taxpayers were asked to rate the professionalism and fairness of TAK inspectors, based on their experience. In order to see the difference more clearly, the ‘agree’ and ‘rather agree’ options have been grouped into one category labelled as ‘agree’, while ‘disagree’ and ‘rather disagree’ have been grouped into the category ‘disagree.’

Overall, respondents were satisfied with the treatment they received by TAK inspectors. A higher percentage of respondents agree that TAK inspectors present themselves in a professional way (93%). A similar percentage of respondents agree that TAK inspectors explain the reason of visit/audit and the rights and obligations in process (91%) and that they seem to be qualified (91%). Six percent of the respondents did not agree with the statement that TAK inspectors make efforts to detect false declarations. This percentage has decreased by 10 percentage points from 2017. Additionally, the improvement was confirmed by focus group discussions with businesses, where participant claimed that inspectors notice mistakes and provide the possibility for correctness without punishment. However, in the focus groups, participants requested for TAK to first send a warning to the business, and provide the possibility to them to correct the mistakes. If the business does not react, then the punishment would be justified. That is mainly because businesses sometimes make mistakes they are not aware of them, and are keen to correct them if information is provided to them.

On the other side, the percentage of respondents who agreed that TAK inspectors are open to bribes (36%) decreased by seven percentage points compared to 2017 (43%). The percentage of the respondents who think that TAK inspectors abuse their authority for personal gain (41%), remained quite the same as in 2017 (42%).

![Figure 25: Taxpayers' Ratings for the Professionalism and Fair Treatment of TAK inspectors](image-url)
When asked specifically about the extent to which corruption is spread among TAK inspectors, based on their experience, 5.5 percent of the respondents claimed that it is very present and 25 percent claimed that it is present. Furthermore, around third of the respondents were reluctant to give their response in this question. Through the focus group discussions participants mentioned the affiliation of the inspectors with some accounting firms and the recommendation of the inspectors on hiring these accounting firms.

![Figure 26: Taxpayers' Opinion on Corruption among TAK inspectors](image1)

Compared to the 2017 round, the percentage of people who claimed that corruption is not spread among TAK inspectors increased by 18 percentage points, while those who think the opposite did not change much.

![Figure 27: 2017 to 2019 Comparison on Corruption among TAK inspectors](image2)
Taxpayers were also asked about their opinion as to how acceptable is intervening through corrupt forms, such as family or friend ties, or non-formal payment in cases when they need to speed up a tax procedure. Around 27 percent of the respondents claimed that it is acceptable to intervene in such a way, at least sometimes. On the contrary, 55 percent of the respondents, were of the opinion that such actions are not acceptable.

Respondents were asked about their perception regarding informality in Kosovo. Informality in this case meant the number of businesses who operate in the market without being registered. Respondents were asked to rate the problem of informality from 1 to 5, where 1 means “it is not a problem at all” while 5 means “it is a major problem”. The average rating is 3.22, which means that informality is perceived as a moderate problem in Kosovo.

Regarding the complaint filing mechanism, 87 percent of the respondents think that TAK reviews complaints objectively, while 13 percent think the opposite. In general, 83 percent of the respondents agree that TAK reviews complaints in a timely manner, while 17 percent of them do not agree with this statement. The majority of the respondents (90%) think that TAK decisions are well and clearly documented, while 10 percent think of the opposite.
Compared to the previous rounds, the number of taxpayers who disagree with the above-mentioned statements decreased significantly, for 7, 2, and 9 percentage points, respectively. Figure 30 shows the region-based respondents’ opinions on the complaint filing mechanism.\(^\text{13}\)

Regarding tax collection, the majority of the respondents either agreed or fully agreed with all of the below-mentioned statements. In particular, 95 percent of the respondents agree that TAK shows effort to collect tax debt and 90 percent of respondents think that TAK tries to accommodate difficulties and looks for solutions. Compared to the above-mentioned options, a smaller percentage of the respondents (84%) think that TAK collects tax debt from all taxpayers.

\(^\text{13}\) ‘Do not agree’ and ‘rather disagree’ options in Figure 30 have been grouped into one category, the “Disagree” label.
Compared to 2017, based on taxpayers’ opinions, tax collection process has improved significantly. The number of respondents who think that TAK shows effort to collect tax debt has increased by 16 percentage points. In 2019, the percentage of taxpayers who thought that TAK shows effort to collect debt from all taxpayers increased by 13 percentage points. In 2019, the number of respondents who think that TAK tries to accommodate difficulties has increased by 17 percentage points.

In 2014, TAK established the Office for Fines and Administrative Penalties (ZGJoNA) with the aim of reducing the work load of inspectors and improving the process of fines and complaints. The quantitative questionnaire aimed to measure the knowledge of taxpayers about the establishment of this new office. However, as it can be seen in Figure 33, around a third of the respondents have never heard of ZGJoNA and 25 percent have heard of it, but do not have any information on the work they do or the way it functions. Knowledge about ZGJoNA was assessed in every focus group, and in all of them, participants claimed that only accountants who are in direct contact with TAK have

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The percentages presented in the figure are for the respondents who "agree" and "completely agree" with the statements.
knowledge about it. The majority of the participants claimed to either never heard of ZGJoNA or to have very little knowledge about it.

![Pie chart showing taxpayers' knowledge about OFAP (ZGJoNA)]

According to the respondents, change is most urgently needed in the following sections:

- More efforts to collect taxes equally from all taxpayers
- Better service and treatment from TAK officials who work in offices
- Easier documentation procedures
- Decisions to be documented
- Higher response rate in filing complaints
- To lower the price of fiscal cash registers
### Table IV: Summary of Service Orientation: Services Offered Findings

- 76% of taxpayers agree that TAK effectively informs taxpayers about tax-related changes.
- Compared to the previous rounds, taxpayers are even more satisfied with TAK aspects, such as location, cleanliness, confidential environment, etc.
- 8% of the taxpayers interviewed filed a claim for VAT reimbursement.
- Of the taxpayers who received an answer on VAT reimbursement, 7% have not been reimbursed with reasoning, while 16% have not been reimbursed without any reasoning.
- 88% of taxpayers rated the perception of large scale of tax evasion from wealthy and powerful people as an important factor towards tax evasion.
- 86% of taxpayers rated the poor management of taxpayers’ money as an important factor towards tax evasion.
- The majority of the taxpayers claimed that the morale of a responsible citizen and simple tax system are the main factors that contribute to tax compliance and payment.
- 67% of the businesses in Kosovo agree that all businesses in Kosovo pay their tax liabilities accurately and on time.

This section focuses on the taxpayers’ satisfaction with TAK services. Special focus in this section is given to reimbursement and filing of a complaint, assessing mainly the experience of taxpayers with regard to time-consumption and overall satisfaction with these procedures. This section ends with taxpayers’ opinions on what are the motives behind complying with or evading taxes. Besides in TAK webpage, where information is available for any change in tax legislation and procedure, TAK also reaches to taxpayers by public announcements, TV ads, meetings, seminars, public hearings, etc.

The majority of the taxpayers are aware of these information sources, and 76 percent of them share the opinion that TAK effectively reaches out to taxpayers to inform them about tax-related changes.

![Figure 34: Taxpayers' Opinion on TAK Efforts to Inform Taxpayers](image-url)
Around half of the respondents claimed that they received one announcement from TAK about tax-related changes. In the focus group with men and women in business, they requested specifically for TAK to increase the level of information about any changes related to taxes.

The announcements were received mostly through TAK officials, email, or phone. Less respondents claimed to have received the information through SMS.

Taxpayers were asked to rate the clearness of the announcement received from one to five, where one means not at all clear and five means very clear. The respondents rated the announcement with an average of 3.5, meaning that they were moderately clear.

Around 57 percent of the taxpayers claimed to have visited TAK offices in the past. Most of the respondents claimed to have visit TAK either to obtain tax certificate (60%), to file or submit tax declarations (47%) or to obtain information on tax statements (45%). A lower percentage of respondents claimed to have visited TAK regarding law enforcement or fines.
Taxpayers who have visited TAK offices in the last two years, were asked to rate each of the below-mentioned aspects from one to four, where one means “very bad,” while four means “very good.” As it can be seen in Figure 38, taxpayers were satisfied with TAK working hours (98%), cleanliness and location (96%), and with the treatment they received from TAK officials (96%). In general, taxpayers have positive opinion about each of the aspects asked. Compared to the previous rounds, the satisfaction of taxpayers with TAK premises increased in every aspect assessed.

The majority of the respondents have not had a concrete case of filing a claim in the past for VAT reimbursement (80%). Eight percent of the respondents answered positively to this question, while 12 percent claimed that they cannot remember.
Of the taxpayers who have filed a claim for VAT reimbursement in the past, 57 percent rated the procedure as easy, while 43 percent rated it as hard. Those taxpayers who have filed a claim, 96 percent of them got a final response from TAK, and the majority of them waited on average 23 days for this final response, while 4 percent of them claimed that they did not receive TAK final decision on reimbursement.

Around 77 percent of the taxpayers who filed a claim and received a response, claimed to actually have been reimbursed the VAT assets. Twenty-three percent of them claimed to not have been reimbursed on the VAT funds, out of which 7 percent received a reasoning behind the decision and 16 percent did not receive any reasoning for this decision.

On average, taxpayers who filed a claim rated TAK’s efficiency with regard to VAT refunds as somewhat efficient. On a scale from one to five, where one means “not efficient” and five “fully efficient,” the average rate was 3.4. However, the effectiveness has improved slightly from 2017.

Next, taxpayers were asked to mention three most important improvements they would like to see in taxpayers’ services. Forty-two percent of them would like to receive more tax-related information directly from TAK officers or employees and for TAK to reduce the volume of documents required.

Around 22 percent of them would like to see a more professionalized staff and 17 percent would like for the TAK officials’ attitude to change towards the taxpayers.
Taxpayers were also asked to state their agreement with different tax-related aspects, from one to four, were one means “do not agree at all” and four means “completely agree”.

Around the same percentage of the respondents agree that if TAK detects your business making frauds, there are serious repercussions (86%), and that businesses have established a good dialogue terms with TAK (86%). Around 85 percent of the respondents agree that TAK believes in businesses that they will fulfil their tax duties and that if not, business’ reputation will be damaged (84%). A lower percentage of the respondents agree that all businesses in Kosovo pay their tax liabilities accurately and on time (67%).
Around 41 percentage of the respondents think that when businesses do mistakes in tax declarations, this happens because the advices from the accountant are inadequate. A similar percentage of the respondents think that this happens because the tax regulations are difficult to understand (39%). Some of the interviewees claimed that they do mistakes in tax declarations because they lack employees with necessary administrative skills who are capable of dealing with TAK requests (35%), or because tax regulations are insufficient (32%).
Finally, taxpayers were asked to rate different aspects presented to them on a scale from one to five, where one means “not important at all” and four means “very important.” Each of these aspects presents different motives for taxpayers to declare and pay their dues in full, and the aim is to assess the importance of each of them in tax compliance. Figure 44 sums taxpayers’ ratings “Important” and “Very important”. Vast majority of the respondents rated the morale of being a responsible citizen to the public budget of Kosovo as important (92%). A similar percentage of respondents rated low taxes (90%), educational programs for taxpayers (85%), and the need for tax certification for tender and visa application (82%) as important aspects of complying with tax-related duties. Information/ knowledge that other taxpayers are fulfilling their tax liabilities has been rated as important by 78 percent of the respondents. Furthermore, this specific matter was also stressed as highly important by the participants of the focus groups, as well.

![Figure 44: Taxpayers’ Opinion on Motives behind declaring and paying taxes](image)

Furthermore, when asked to rate aspects that prevent taxpayers from declaring and paying tax-related dues, 88 percent of them rated the perception of the large-scale tax evasion from wealthy and powerful people as an important factor. The same reason came also through focus group discussion with men and women in business as the main motive behind tax evasion. A very important reason is also the poor management of taxpayers’ money and non-payment of taxes by the competitors. In other words, transparency and better management of taxpayers’ money by government would encourage taxpayers to declare and comply with tax dues. Tax system with large tax rates and small fines and penalties in cases of detection are also important factors that prevent taxpayers from declaring and paying taxes, rated as such by 80 and 77 percent of the interviewees, respectively.
Majority of the taxpayers claimed to want to receive information about TAK and tax legislation (83%), and they would want to receive this information directly from TAK officials (55%), through phone (38%), or through social media or some specific TAK application in smartphones (30%).

Figure 46: Channels of receiving information about TAK and tax legislation
Conclusion

The aim of the study was to assess taxpayers’ opinion on the current situation of the Tax Administration of Kosovo, focusing mainly in access to information, the difficultness and time-cost of TAK procedures, the professionalism of and treatment by TAK officials, and the quality of services offered by TAK in general. This study was funded by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and conducted by UBO Consulting. The survey included businesses of different size and sector, and non-business taxpayers. A mixed-methodology was used for this survey, comprised mainly of a quantitative survey with 1,615 taxpayers, six focus group discussions, and 15 in-depth interviews.

The results show that in general taxpayers are satisfied with the availability of the information from TAK on the rights and obligations of taxpayers. Based on the responses, TAK information is clear, complete, and easy to find. A recommendation of participants in focus groups was for shorter summaries of tax-related procedures and legislation to be created, which would save taxpayers’ time and make it clearer for every-day usage. Because of this reason and the time-consumption of procedures, most of the taxpayers hire accountants or accounting firms to deal with tax-related changes.

According to taxpayers, the most difficult procedures are documentation and bookkeeping and reimbursement, and the most time-consuming ones are reimbursement, filing of complaints, and audit visits. However, compared to 2015, these procedures have improved significantly, and the number of people who have rated them as difficult and time-consuming has decreased. Stakeholders in the focus groups claimed that documentation and bookkeeping are rated as difficult because the possibility of making a mistake is high. Participants in the focus group discussions were more satisfied with the approach of TAK inspectors, as compared to the 2017 round of the survey.

The majority of the taxpayers agree that TAK treats all different categories of taxpayers equally. However, the perception that TAK does not inspect taxpayers of different sizes objectively, meaning that it favours larger business in comparison to smaller ones still exists. Even though there is still a high percentage of taxpayer who agree that TAK inspectors are open to bribes and use their authority for personal gains, participants in the focus groups have claimed that there has been significant improvement in these two issues in the last two years. The majority of the taxpayers have agreed that TAK reviews complaints objectively and compared to 2015, the number of taxpayers who believe that TAK does not shows effort to collect taxes and it does not do so for all taxpayers has decreased significantly.

In general, taxpayers claimed that perception of large-scale tax evasion by the rich and powerful, poor management of taxpayers’ money by government, and non-payment of taxes by competitors are the main important factors towards tax evasion. On the contrary, the majority of the taxpayers claimed that the morale of a responsible citizen, tax system with low and simple tax rates and educational programs for taxpayers are the main factors that contribute to tax compliance and payment.
Appendices

Appendix I: Quantitative Questionnaire

Introduction text: My name is..., I work for UBO Consulting research agency, the reason for visiting your business today is to conduct an interview with the eligible person 18 years and older. GIZ has commissioned a study on the subject of Taxpayers perception in Kosovo. Its outcome will help to define future reform priorities for the Tax Administration of Kosovo. You have been selected randomly to participate in the interview, in a process that is very similar to a lottery game. For the participant, we guarantee that the information provided to this interview will be held strictly confidential. Results will be used for analysis and publication only by merging interview responses with all 1000 interviews, so that no reference can be made to your response. The only reference may be provided to my supervisor, who will verify every third (1/3) interview, so you might be contacted by my supervisor to confirm the interview, but not to the content of the interview. Therefore, I would like you to feel relaxed and to answer the questions as honestly as possible as per your personal belief.

The survey will cover the following aspects of the Tax Administration performance: Information on taxpayer rights and obligations; services provided to taxpayers; equitability of taxpayer treatment; and the burden of compliance for taxpayers. To give due weight to your answers, we would like to ask a few questions about your interaction with Kosovo Tax Administration (TAK) first.
Category of interviewed respondent:

1. Business person/ legal person (Businesses and NGOs)
   
   1.1 Please choose the primary and secondary sector (if only one sector, select only one option)
   
   1. Production
   2. Service
   3. Construction
   4. Trade

1. Natural non-business person – Taxpayer

2. Respondent’s position
   
   1. Owner and manager
   2. Manager but not owner
   3. Employee with an important role in company
   4. Other ____________________________

1. How do you deal with the tax related duties (e.g. Accounting, submission of tax returns, answers towards requests of TAK, etc)?
   
   1. Directly (personally or through an employee)
   2. Through outside accountant/accounting company
   3. Sometimes directly, sometimes through outside accountant/accounting company
   88. I don’t know

2. How often during the year do you meet/exchange information with competent TAK officials?
   
   1. Never
   2. Once a year
   3. Every three months
   4. Every month
   5. Other (_______________)
   88. I don’t know

3. Have you been the subject of a visit for fulfillment/not fulfillment of obligations in the last two years?
   
   Internal: the visit can cover information upon the taxpayers duties from the TAK officials, request for documentation etc.
   
   1. Yes
   2. No
   88. I don’t know

4. Have you been the subject of tax audit/control in the last two years?
   
   1. Yes
   2. No
   88. I don’t know

4.1. If yes, have you been provided with audit/control report from TAK competent official?
   
   1. Yes
   2. No
   88. I don’t know
4.1.1. If yes, how satisfied are you with the quality of the report?

1. Not at all satisfied
2. Somewhat satisfied
3. Satisfied
4. Very satisfied
88. I don’t know

5. Have you ever searched information in publications/sources of TAK (e.g. webpage, leaflets, social sites, section of frequently asked questions)?

1. Yes
2. No

6. Have you ever requested information related to the taxes directly from TAK?

1. Yes
2. No (go to Q8)

6.2. Has TAK responded to the requested information?

1. Yes
2. No (go to Q8)

6.2.1. How did you receive the information?

1. Directly from officials of TAK (in person)
2. In writing form, via email
3. Through calls from TAK officials
4. Through SMS
5. Other, please specify _______

6.2.2. Has the answer of TAK fulfilled your requests?

1. Did not fulfill at all
2. Did not fulfill
3. Fulfilled to some extent
4. Completely fulfilled

7. Which of the tasks below is important for the TAK mandate? (Interviewer – Read the possible answers for the respondent)

1. Taxpayers obligations to pay taxes, fight evasion
   1. Po 2. Jo 88. IDK
2. Informing/education of taxpayers on how to pay taxes
   1. Po 2. Jo 88. IDK
3. Tax collection
   1. Po 2. Jo 88. IDK
4. Collection of personal contributions
   1. Po 2. Jo 88. IDK
5. Collection of property tax
   1. Po 2. Jo 88. IDK
6. Setting (increase/decrease) of tax rates (e.g. PIT, CIT, VAT)
   1. Po 2. Jo 88. IDK
7. Collection of custom tax
   1. Po 2. Jo 88. IDK
8. Informing taxpayers for tax declaration
   1. Po 2. Jo 88. IDK

We would like to continue the interview with your assessment for supplying information upon the rights and obligations of taxpayers from the side of Tax Agency of Kosovo. The rights have to do with the opportunity to contest the findings of TAK, to complain etc.; Obligations have to do with the taxes that need to be payed, the documentation that is asked from TAK, procedures that should be followed etc.
8. Do you think that TAK publishes the rights and responsibilities of taxpayers in a satisfactory way (easy access, clear, reliable, etc.)?

   INT: The rights refer to the opportunity to contest the findings of TAK, to complains, etc.; responsibilities refer to the taxes that should be paid, documentation that is asked from TAK, procedures that should be followed, etc.
   1. Not at all
   2. No, some extent
   3. Yes, to some extent
   4. Yes
   88. I don’t know

9. Specifically, can the information provided by TAK be easily found?
   1. No
   2. No, some extent
   3. Yes, to some extent
   4. Yes
   88. I don’t know

10. Is the information provided by TAK comprehensive (easily understood, well structured)??
    1. No
    2. No, to some extent
    3. Yes, to some extent
    4. Yes
    88. I don’t know

11. Does the information provided by TAK include all the important rights and responsibilities for taxpayers (set of information)?
    1. No
    2. No to some extent
    3. Yes, to some extent
    4. Yes
    88. I don’t know

12. Is the information provided by TAK reliable?
    INT: This has to do with the factual truth of information, whether they are updated and consistent if they come from different sources of TAK
    1. No
    2. No to some extent
    3. Yes, to some extent
    4. Yes
    88. I don’t know

13. What are your primary information sources, regarding your rights and responsibilities as a taxpayer (up to three answers)
1. Presentations/public meetings of TAK
2. Offices/Officials of TAK
3. Webpage of TAK
4. Facebook of TAK
5. Publications, manuals, flyers of TAK
6. Call centre of TAK
7. Newspaper
8. TV
9. Accountant/Lawyer
10. Friends, colleagues, family
11. Lawyer/Ombudsperson of taxpayers
12. Others (________________________)

88. I don’t know

14. In the case when there are changes in tax legislation, how do you get informed about these changes?
   1. Through website announcements (notifications and applied examples)
   2. Announcements through public workshops/seminars with taxpayers
   3. Direct notification for every taxpayer
   4. Announcement from media (Press, TV/Radio, Internet)
   5. Notification from inspectors
   6. Well organized information campaign (multiple channels)
   7. Other __________________________

15. Please state in which field-if there is any- urgently better information is required (e.g. tax laws, tax procedures etc.)

__________________________________________________________________________

16. In general, how would you evaluate the difficulties of these tax procedures - registration, documentation, declaration, payment etc. – in terms of the time you spend and the attention you should pay?
   1. Very difficult
   2. Difficult to some extent
   3. Easy
      Very easy
   88. I don’t know

17. How difficult is it to follow the mentioned procedures of TAK?
INT: This has to do with the knowledge of taxpayers on what is expected of him in order to avoid mistakes
18. How long does it take to complete these TAK procedures?

*INT: This has to do with the difficulties of taxpayer to fulfill the requirements*

<table>
<thead>
<tr>
<th>PROCEDURES</th>
<th>Very difficult</th>
<th>Difficult</th>
<th>Easy</th>
<th>Very Easy</th>
<th>I don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Registration</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. Documents/Accounting provision</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. Declaration/reporting</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>4. Payments</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>5. Obtaining tax certificates/Confirmation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>6. Reimbursement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>7. Filing complaints</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>8. Audit visits/tax audits</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>

19. How many hours per month do you spend dealing with the tax procedures (e.g. documentation, declaration, payments, etc.)?[_______]

20. Have you filed any written compliant about any issue related to TAK in the last two years?

   1. Yes
   2. No
   88. I don’t know

20.1. If yes, have you recieved any written response from TAK, for your complaint?

   1. Yes
   2. No
   88. I don’t know

21. Please evaluate the changes in TAK procedures, on how difficult/easy they have made for fulfillment of tax obligations?

<table>
<thead>
<tr>
<th>Categories</th>
<th>Much more difficult</th>
<th>Difficult</th>
<th>Easier</th>
<th>Much easier</th>
<th>I don't know, don’t apply</th>
</tr>
</thead>
</table>

53
1. **Fiscalization** (purchase and installation of fiscal cash register) | 1 | 2 | 3 | 4 | 88

2. **Electronic declarations** | 1 | 2 | 3 | 4 | 88

3. **Call Center** | 1 | 2 | 3 | 4 | 88

4. **Office for business registration one-stop** | 1 | 2 | 3 | 4 | 88

5. **Establishment of the office for Fines and Administrative Penalties (ZGjONA)** | 1 | 2 | 3 | 4 | 88

6. **Audit/Electronic Tax control** | 1 | 2 | 3 | 4 | 88

22. Please declare if any of the above fields should be urgently improved (options: registration, documentation, declaration, payments, fiscal cash registers, etc).

23. In your opinion, which of the following statements best reflects your beliefs on how TAK approaches taxpayers?

<table>
<thead>
<tr>
<th>Approach of TAK in general</th>
<th>Completely disagree</th>
<th>Somewhat Disagree</th>
<th>Somewhat Agree</th>
<th>Completely Agree</th>
<th>I don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <em>TAK treats all varying categories in equal manner (size, sector, etc.)</em></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. <em>TAK treats all taxpayers within similar sectors and similar size in an equal manner.</em></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. <em>TAK inspects the taxpayers based on their objective criteria (in unbiased manner)</em></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>4. <em>TAK penalizes all the tax frauds in accordance with the law.</em></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>

24. Regarding the visits and tax audits/controls, please consider the following statements and evaluate them on scale from 1 to 4, based on your experience.
<table>
<thead>
<tr>
<th>VISITS/AUDITS – TAX CONTROLS</th>
<th>Strongly disagree</th>
<th>Dissagree</th>
<th>Slightly agree</th>
<th>Strongly Agree</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inspectors of TAK present themselves in a professional way(tell their name, show their work card, are friendly)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. Inspectors of TAK explain the reason of visit/audit, explain their rights and responsibilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. Inspectors of TAK, seem to be qualified and capable to distinguish false tax return statements.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>4. Inspectors of TAK make efforts to distinguish false statements</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>5. Inspectors of TAK make the necessary arrangements in cases when we pay more than required</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>6. Inspectors of TAK explain their findings verbally (e.g. legal basis)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>7. Inspectors of TAK document their written findings to taxpayers (e.g. legal basis)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>8. Inspectors of TAK take the questions and objections seriously and answer them.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>9. Inspectors of TAK, abuse their authority for personal gains</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>10. Inspectors of TAK are open/ask for bribes or other favors</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>11. Inspectors of TAK indentify irregularities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>12. Inspectors of TAK respond positively to the cooperative behavior of taxpayers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>

25. Based on the general and specific experience, how would you evaluate the corruption spread scale among TAK inspectors?

1. It is not spread at all
2. It is not spread
3. It is spread
4. It is very spread
5. I don’t know/don’t have knowledge
88. No answer/refuse

26. Do you believe that for the purpose of speeding up, a tax procedure should be intervened unfairly, (e.g. using connections, informal payment, other corruptive forms)?

1. No
2. Sometimes
27. From 1 to 5, how much do you think the informality is a problem in Kosovo (1 means 'It is not a problem at all' and 5 means 'it is a major problem')

1 2 3 4 5

28. Please review the following statements regarding the grievance mechanism and evaluate them on a scale from 1 to 4.

<table>
<thead>
<tr>
<th>COMPLAINTS</th>
<th>Strongly disagree</th>
<th>Dissagree</th>
<th>Slightly agree</th>
<th>Strongly agree</th>
<th>I don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TAK reviews complaints objectively</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. TAK reviews complaints on time</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. Decisions are documented correctly and clearly</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>

29. Please review the statements regarding the tax collection and evaluate them on the scale from 1 to 4.

<table>
<thead>
<tr>
<th>TAX COLLECTION</th>
<th>Strongly disagree</th>
<th>Dissagree</th>
<th>Slightly agree</th>
<th>Strongly Agree</th>
<th>I don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TAK show effort to collect tax debt</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. TAK collect tax debt from all taxpayers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. TAK tries to address the difficulties in payment options, requires solutions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>

30. Regardless of whether you have worked with the Office of Fines and Administration Penalties(ZgjoNA), can you please tell us if you have knowledge for it and its function.

1. I have never heard about it
2. I have heard, but I don’t know what it serves or how it works
3. I have little knowledge
4. I have average knowledge about it
5. I am well informed

31. Please state if any of the above fields should be urgently improved.

32. Do you think that TAK informs taxpayers on the changes in tax legislation and procedures through seminars, forums, public announcements/documents, etc.?
1. No
2. No to some extend
3. Yes to some extend
4. Yes
   88. I don’t know

33. How often have you received announcements/information from TAK on tax legislation over the last two years?
   1. 1 announcement
   2. 2-5 announcements
   3. 6-10 announcements
   4. More than 10 announcements

34. How did you receive these announcements?
   1. From TAK officials
   2. Through phone
   3. Via E-mail
   4. Through SMS
   5. Other, please specify

35. From 1 to 5, 1 means not at all and 5 means very much, how clear were these announcements (if there is more than 1 announcement, respondent should average the evaluation for all the announcements)

   1  2  3  4  5

36. Have you visited the TAK offices in the past (for any reason)?
   1. Yes
   2. No (Go to Q35)

37. What are the main reasons of your visit to TAK offices? (select more than one option)
   1. Provision with tax certificate
   2. Filling and submitting the tax declarations
   3. Obtaining information on tax statement
   4. Obtain information on imposed fines
   5. Obtaining information for tax law enforcement
   6. Others (___________________________________)
   88. I don’t know
38. (This question is addressed only to those that have visited TAK offices, if not, skip to question 38)
If you have visited the TAK offices in the past, please evaluate the following aspects based on your experience.

<table>
<thead>
<tr>
<th>ASPECTS</th>
<th>Very bad</th>
<th>Bad to some extent</th>
<th>Good to some extent</th>
<th>Very good</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Location</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. Work schedule</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. Cleanliness</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>4. Availability of requests</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>5. Workplace confidentiality</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>6. Waiting time</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>7. Respectful behavior from the TAK officials</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>8. Professional qualifications of TAK officials</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>9. Computers availability</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>

39. In the past, did you have a concrete case of submitting a request of VAT reimbursement?

1. Yes
2. No [Skip to the Q36]
3. I don’t know/I don’t remember [Skip to the Q36]

34.1 [For the taxpayers that have submitted a request] How difficult was the procedure of request submission?

1. Very difficult
2. Partially difficult
3. Easy
4. Very easy
88. I don’t know

34.1.1. [For taxpayers that have submitted a request] How long it took to receive the response? [Time on days]

1. _______ Days
2. Didn’t receive answer/final decision

34.1.2. [For taxpayers that has submitted a request] Is your VAT been reimbursed?

1. Yes
2. No, the request was rejected with justification
3. No, the request was rejected without justification
88. I don’t know

34.1.3. [For taxpayers that has done the request] How will you evaluate the effectiveness of TAK regarding to VAT reimbursement? Evaluate from 1 to 5, where 1 = Not effective at all, and 5 = Completely effective

<table>
<thead>
<tr>
<th>Not effective at all</th>
<th>Completely effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
40. In terms of tax services improvements in the future, please select the two most important services that you would like to see.

*Internal: Do not show the list, select the numbers that are closest to the answers given below.*

**First solution [ ]**

**Second solution [ ]**

1. Expansion of the Electronic Tax Declaration System (TDS)
2. More information on website of TAK online
3. More professionalized staff
4. Improvement of staff access to taxpayers
5. The most convenient working hours – e.g. sooner or later
6. Reduce the volume of documents
7. Other, please specify:________________________

41. What do you think that motivates taxpayers to declare and pay tax liabilities accurately and on time?

<table>
<thead>
<tr>
<th>ASPECTS</th>
<th>Demotivating</th>
<th>Demotivating to some extent</th>
<th>Motivating to some extent</th>
<th>Very motivating</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I want to contribute for the public budget/my country as an active citizen</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. Tax system with low and simple tax rates (rates; structures)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. Educational programs for taxpayers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>4. Need for tax certifications (tenders, visas, etc.)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>5. The value of the penalty in case of finding the violation of tax legislation (fines, penalties)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>6. Likelihood of detection by TAK (number and quality of TAK inspections)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>7. Interest rate for not paying the tax on time</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>8. Violating the image and integrity of taxpayer</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>9. Long period for the rights of tax audit (6 years)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>10. Information/knowledge that other taxpayers are fulfilling their tax liabilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>
42. What do you think demotivates the taxpayers to declare and pay tax liabilities. Evaluate each of the below aspects on scale of 1 to 4.

<table>
<thead>
<tr>
<th>ASPECTS</th>
<th>Not important at all</th>
<th>A little important</th>
<th>Important</th>
<th>Very important</th>
<th>I don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Non-payment of taxes by competitors</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. Poor management of taxpayers money by government</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. Large-scale tax evasion perception from wealthy and powerful people</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>4. Fines and small penalties of TAK</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>5. Tax system with large tax rates(rates, structures)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>6. Low likelihood of detection (number and quality of inspectors of TAK)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>7. Low interest rates for not paying the taxes on time</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>8. Prescription of submitted valiations; outdated cases</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>

43. Can you tell us how much do you agree with the following declarations from 1 to 4.

<table>
<thead>
<tr>
<th>Declarations</th>
<th>Do not agree at all</th>
<th>Do not agree</th>
<th>Agree to some extent</th>
<th>Completely agree</th>
<th>I don't know/Don't have opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Kosovo has a simple tax system for businesses</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>2. All the businesses in Kosovo pay their tax liabilities accurately and on time.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>3. It is simple for businesses to declare and pay tax that is required</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>4. If TAK detects that your business is making a fraud, there are serious repercussions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>5. Your business reputation will be damaged in case you do tax evasion</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>6. The risk of businesses to make fraud in VAT and other taxes which is large</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>7. Businesses are in good terms with TAK</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>8. TAK believes that business will fulfill all the tax duties</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
<tr>
<td>9. TAK is working on lowering the administrative burden for your business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>88</td>
</tr>
</tbody>
</table>
10. Business is convinced that TAK will keep the confidentiality of their information

11. It is business’ obligation to correct every error in business tax information

12. My business is exposed a lot to competition from other businesses that do tax fraud

13. Our business is exposed a lot to the competition from other businesses that have unregistered employees

14. Other businesses, in the same industry, fulfill their tax duties

44. When businesses do mistakes in tax declarations, this happens because of:

1. Tax regulations are difficult to understand
2. Tax regulations are insufficient
3. Advice from business accountants are inadequate
4. The business lack employees with necessary administrative skills

45. Would you prefer to continue to get information on TAK and tax legislation?

1. Yes
2. No (Skip over Q3)

46. If yes, how would you prefer to get these informations?

1. Directly from TAK officials
2. Through TV
3. Through TAK special app in smartphones
4. Through phone
5. Through SMS
6. From Social sites
7. From the discussions with competent people
8. From printed leaflets/materials
9. Through radio
10. Through newspapers
11. Other, please specify _______

F BUSINESS INFORMATION

D1. (Gender OF RESPONDENT)

1. Male
2. Female

D2. (AGE OF RESPONDENT) (years) |__|__|
D4. (ETHNICITY OF RESPONDENT) Which is your ethnicity/to which group do you belong?

1. Albanian
2. Serbian
3. Bosnian
4. Goran
5. Turk
6. Roma
7. Ashkali
8. Egyptian
9. Other, who? ________

99. DK/NZ

Business size:

1. Natural non-business person – taxpayer
2. Micro-business (0-5 punëtorë)
3. Small business (6-9 punëtorë)
4. Average business (10-249 punëtorë)
5. Large business (250+ punëtorë)
6. NGO (please specify number of employees ________)

D5. Region:

1. Prishtinë
2. Prizren
3. Pejë
4. Gjakovë
5. Gjilan
6. Ferizaj
7. Mitrovicë

D6. Municipality ______________________


NAME OF RESPONDENT ______________________

DATE OF INTERVIEW______________________

LENGTH OF INTERVIEW |____|____| min.

Extra notes ____________________________________________________________________