



## Press Release on AEDT

### Convention between Kosovo and the Grand Duchy of Luxembourg

**Announcement:** *Regarding the Agreement on Elimination of Double Taxation (hereinafter AEDT) with respect to taxes on income and capital and the prevention of tax evasion and avoidance between Kosovo and Luxembourg.*

The Tax Administration of Kosovo is responsible for the implementation of the provisions of AEDT, where within this; it also provides services for taxpayers who are covered by these agreements.

The agreement between the states concerned is applicable from 01.01.2020.

For the application of AEDTs, the persons entitled to access it must be residents of one or both contracting states. The agreement applies to direct taxes: Corporate Income Tax, Personal Income Tax, on income and capital in each contracting state.

In order to create a *Permanent Headquarters*, in addition to the first criterion which implies the fixed place of organization, the duration of the works is also expressed, which should not exceed 12 months in cases of construction, installation, etc.; Or services that should not exceed 183 days within a 12-month period.

With regard to *business profits* treated under this agreement, they will be taxed at the state where the activity or service is performed, all this being related to the Article on Permanent Headquarters.

Regarding the Article on *Dividends*, they are taxed in the source state, but also adhering to the principle of the beneficiary owner.

As for the *Interest*, it must be paid at the state of residence of the beneficiary owner of the interest.

Royalties submitted to the Contracting State will be subject to taxation in the State of Residence of the taxpayer who owns them.

Also, the treatment of *Employment income*, which will be taxed at the state where the incomes are generated, i.e. in the source state, also applies to the income generated by *Entertainers and Athletes*.

*Pensions* will be taxed in the resident state of the recipient of the income.

While the Article on *Elimination of Double Taxation*, provides for the avoidance of double taxation, allowing discounts for the same value of the payment in the other country.

*The procedure of the mutual agreement* is considered in cases when it results in a tax that contradicts the agreement in question, then that taxpayer has the right to present the case to the competent authorities of any contracting state.

*The exchange of information* is done between states at the request of the tax authority for taxpayers.