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# Abbreviations

<b>TAK</b>	Tax Administration of Kosovo
<b>KBRA</b>	Kosovo Business Registration Agency
<b>DB</b>	Data Base
<b>KK</b>	Kosovo Customs
<b>DRMP</b>	Department for Risk and Management Planning
<b>CD</b>	Compliance Department
<b>LTD</b>	Large Taxpayers Department
<b>IMF</b>	International Monetary Fund
<b>MFLT</b>	Ministry of Finance, Labour and Transfers
<b>EC</b>	Enforced Collection
<b>HIP</b>	High Income Persons
<b>CC</b>	Call Center
<b>SAI</b>	Strategy for Audit Improvement
<b>TES</b>	Taxpayers Education and Services
<b>CIT</b>	Corporate Income Tax
<b>PIT</b>	Personal Income Tax
<b>IT</b>	Information Technology
<b>VAT</b>	Value Added Tax
<b>IWHNW</b>	Individuals With High Net Wealth

# Foreword by the Director General

I am pleased to present TAK's Strategic Plan 2022-2026. Our mission is to provide taxpayer services in a timely manner and collect revenue fairly in accordance with the law to support nation building and economic growth. Our Strategic Plan supports this mission.

The plan provides clear direction and focus of our activities over the next 5 years. It builds on the progress we have made through our two previous Strategic Plans and the Medium-Term Reform Action Plan (MTRAP) 2019-21 including strengthening the use of technology and e-services, focusing on compliance risk management, reform of some core business processes and strengthening our organizational structure.

The plan is designed to help the TAK achieve its vision to be 'credible and respected, as well as be comparable to the leading tax administrations in Europe.' It sets out how we will respond to the changing demands on our administration and ensure that revenue collection increases and supports the government's fiscal objectives including to fund social and infrastructure commitments to the community.

The Strategic Plan 2022-26 highlights our 3 strategic goals to ensure the TAK can deliver sustainable improvements in revenue collection to meet the Government's fiscal objectives, modernize tax administration and revenue collection processes, and ensure TAK has the staff capability and necessary expertise to respond to the complexities of modern tax administration. The plan provides the priority strategies and initiatives we will focus on in the years ahead. The strategies will affect all parts of our administration.

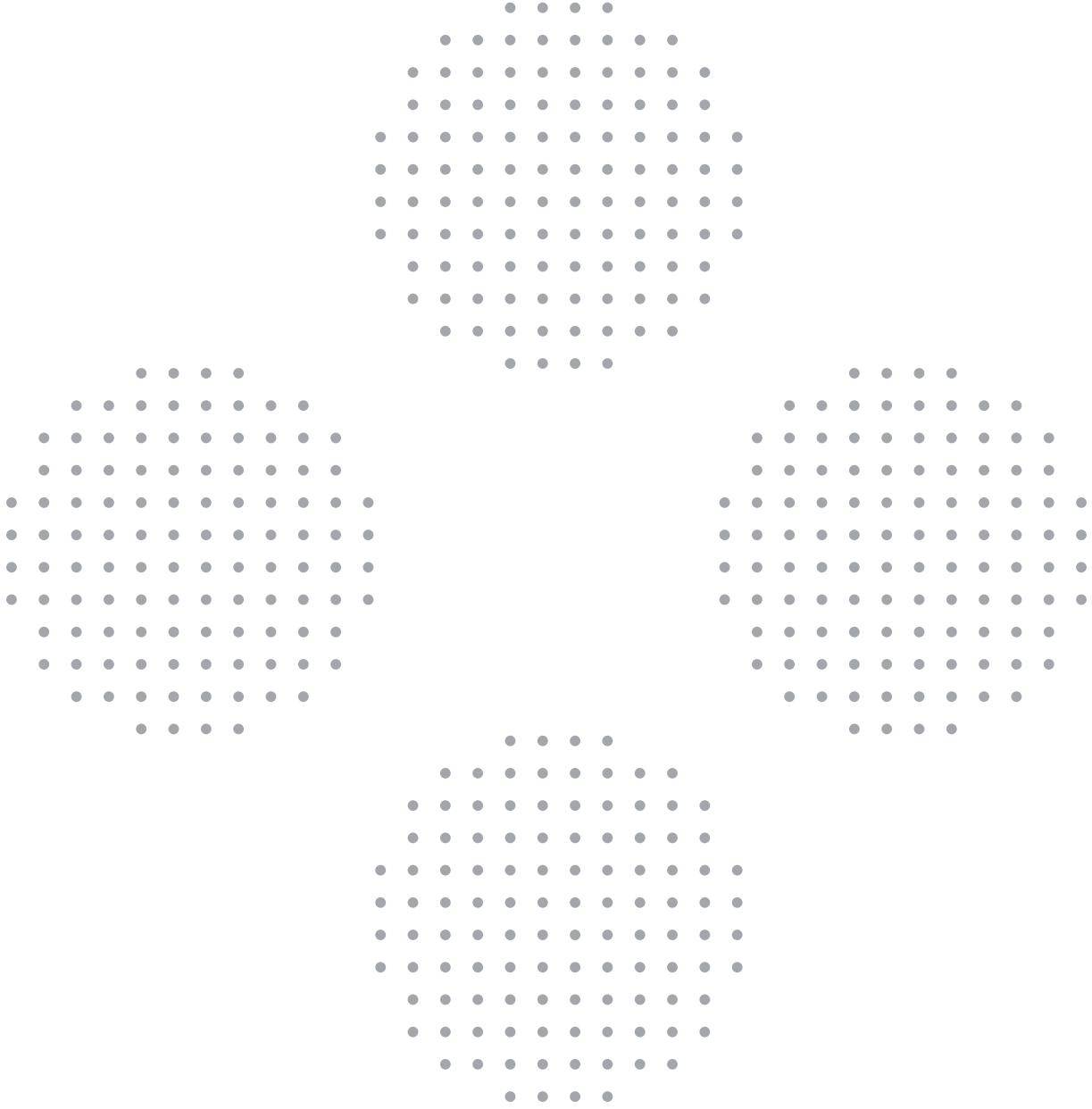
Over the five years of the new Strategic Plan, and with the capacity development (CD) support of the International Monetary Fund (IMF), World Bank, German Society for International Development (GIZ), USAID, British Embassy, Tax Inspectors Without Borders and the European Union, we will strengthen our focus on improving the compliance level of taxpayers, and continue to deliver timely, convenient, and efficient services to support taxpayers meet their obligations. We will invest in new technology through our IT replacement project to support our administration and support taxpayers to interact through extensive e-services.

Developing our people and building expertise, along with modernizing our core business processes will also underpin our efforts to build a tax administration that responds to our changing environment. We will continue to ensure our organization structure aligns with modern international tax administration practices.

We need to make sure that all our staff understand our directions and the important contribution they can continue to make. I am proud of their professionalism and ongoing commitment, and I look forward to the journey ahead and our support for nation building and economic growth for the benefit of all the people of Kosovo



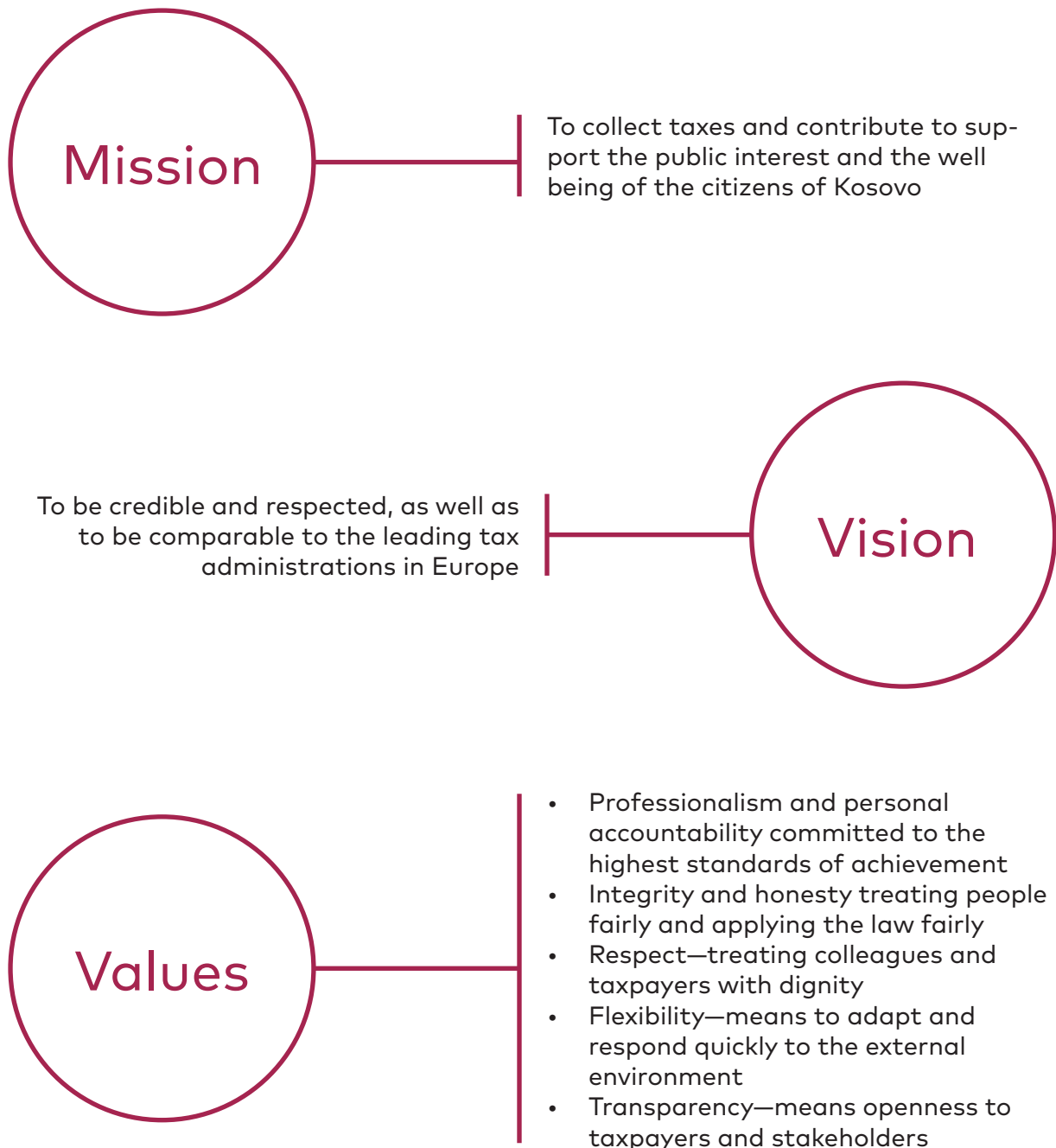
Mr. Ilir Murtezaj  
Director General  
Tax Administration of Kosovo



# Corporate Statements

## Mission, Vision and Values

The Strategic Plan 2022-26 provides direction on the achievement of our mission and vision over the next five years.



# Strategic Goals

Strategic Goals are the high-level directions that need to be achieved for our vision to be realized.

Strengthen Revenue Collection and reduce the tax gap

Modernize Tax Administration

Build Staff and Institutional Capacity



# Strategic Objectives

Underpinning our strategic goals are the key objectives we have set to achieve the goals.

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## Strengthen Revenue Collection and reduce the tax gap

- Increase revenue collection as a percentage of GDP
- Improve the compliance of Large Taxpayers
- Strengthen registration, filing, correct reporting and payment compliance
- Provide contemporary taxpayer services

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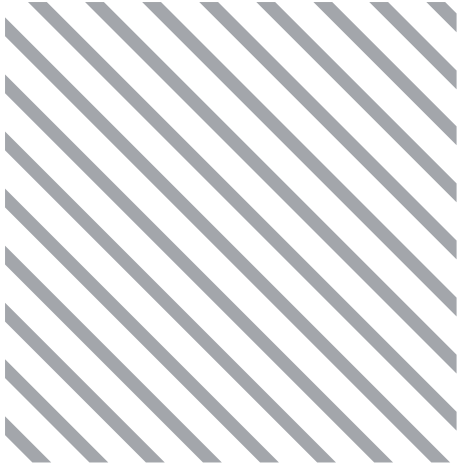
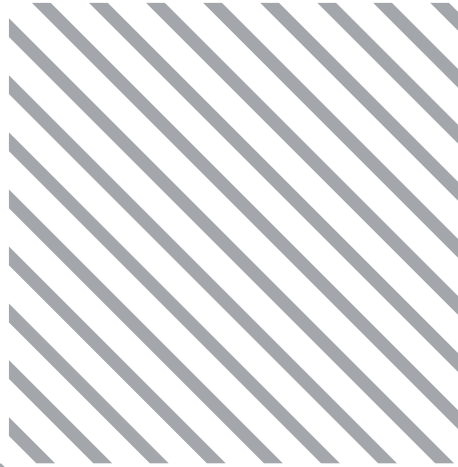
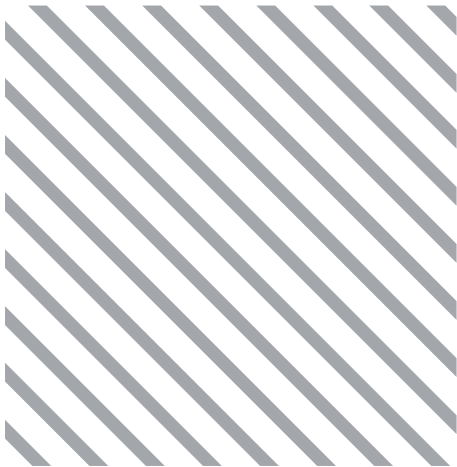
## Modernize Tax Administration

- Strengthen the TAK management framework and accountability
- Provide contemporary information technology systems, processes and tools
- Adopt international practices for core processes (audit, debt management, VAT refunds)

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## Build Staff and Institutional Capacity

- Adopt modern organizational structures and optimize the use of resources
  - Grow the capacity and skills of our staff
  - Strengthen internal controls, professionalism and integrity
-



# Key priorities 2022–2026

## **The Strategic Plan 2022-2026 sets out the goals and objectives for the next 5 years.**

Our tax administration continues to face challenges in terms of increasing the collection of tax revenues for the provision of services and socio-economic development. The environment in which we operate is complex and constantly changing; this challenges our tax administration to adapt and respond. Against this background the plan focusses on the following strategic initiatives to deliver our objectives:

- Increase revenue collections; determine the tax gap to understand the scale of non-compliance and determine priority strategies to address revenue leakage from tax evasion such as through the informal economy.
- Strengthen voluntary compliance across all taxpayer segments by ensuring that taxpayers are paying the correct amount of tax, registering businesses that are outside the system and taking appropriate action against non-compliant taxpayers.
- Strengthen our approach and expertise in managing large taxpayers including developing our approach to identifying specific tax risks in the large taxpayer segment.
- Continue to create a culture of service by providing high quality products and services that meet the expectations of government and taxpayers and other stakeholders; continue to focus on electronic communication including the development of online services and further reducing the need for face-to-face contact with taxpayers.
- Build contemporary IT systems and tools to support core operating needs, improve efficiency and deliver benefits to taxpayers and staff.
- Proactive participation on Ministry of Finance (MoF) Working Groups on the development and design of new tax laws taking account of administrative, compliance and interpretative implications.
- Re-engineer core business processes consistent with developments in leading tax administrations; and modernize our organizational structure to reflect modern tax administration practices to achieve organizational efficiencies and reduce compliance costs for taxpayers.
- Strengthen our audit program by improving our auditing capability and performance; progressively implement a comprehensive audit program with multiple audit types that address identified risks using contemporary audit techniques.
- Continue to build a workforce culture that embodies our corporate values; improve staff capability and expertise to ensure that we can respond to the complexities of modern tax administration, including identifying future skill requirements; ensure human resource management and recruitment strategies are aligned to meet future business needs
- Strengthen our governance oversight to achieve the strategic objectives set out in the strategic plan and other reform initiatives.

# Corporate Strategies

The actions we will take to achieve our objectives include the following:

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## Strategic Goal 1 Strengthen Revenue Collection and Reduce the Tax Gap

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### **Increase revenue collection as a percentage of GDP**

TAK has a critical responsibility to collect government revenue consistent with government budget forecasts to support the Government's economic program. Following a contraction in 2020 due to the COVID-19 pandemic, real GDP has increased in 2021 as economic activity has rebounded. Mobilizing revenue collections requires continued action to strengthen tax administration.

Kosovo's tax-to-GDP ratio\* has increased from 21.1 percent in 2008 to 23.3 percent in 2019 (pre-pandemic). However, this is short of the European Union and Emerging Eastern Europe (EEE) tax-to-GDP ratio near 25 percent. Kosovo's low tax-to-GDP ratio is due to high informality (World Bank estimate in 2014 of 39 percent of GDP) and relatively low tax rates, numerous exemptions, and special tax regimes. Over the medium term the government's objective is to increase tax revenue to x percent (to be determined) of GDP. Looking

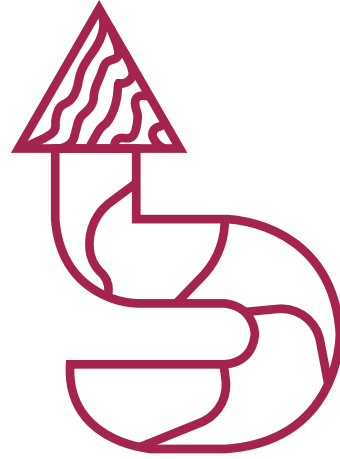
forward, we need to respond to the challenges created by COVID-19 and continue to improve our ability to meet the increasing collection targets set by government as economic activity expands. In addition, we will progress work to develop tax gap analysis to enable TAK to better understand levels of compliance to determine priority compliance risks in the tax system. The insights from this analysis will guide us in developing strategies (and resource allocations) to sustainably reduce the tax gap. In progressing this work, we will use the experience of other tax administrations and development partners to determine the appropriate methodology and processes to determine the tax gap.

- Tax-to-GDP ratios express aggregate tax revenues as a percentage of GDP and includes personal income tax, corporate income tax, social security contributions, indirect taxes (goods and services, excises and customs duties)

**Increase revenue collection as a % of GDP**

**Deputy Director General Programs and Procedures/Deputy Director General Operations/Director Risk Management and Planning Department**

<b>Action:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>1.1</b> Strengthen revenue collection in the medium term by addressing tax evasion in the informal economy, VAT, and personal income tax, to support the government's objective to increase the tax-to-GDP ratio. (See Actions 3.4, 3.6, 3.7 and 3.8)					
<b>1.2</b> Progress the development and implementation of a methodology and techniques for measuring the tax gap for various tax types, taking account of practical experience of other tax administrations.					
<b>1.3</b> Scale up debt collection activities to reduce the stock of debt and reverse increases in non-compliance. (See Action 7.8)					



### **Improve the compliance of Large Taxpayers**

Strengthening the compliance management of large taxpayers is an important strategy to increase revenue collection. Consistent with international practice, there needs to be effective compliance management of those taxpayers that account for the large share of tax revenues. We will broaden the criteria for determining large taxpayers to increase the revenue collection for this segment to greater than 50 percent of total collections.

We will give high priority to strengthening compliance risk management of large taxpayers. Large taxpayers present different risks from other taxpayers and can have major consequences on tax collection if not detected and addressed. Risk rules using a range of both financial and tax specific criteria will be revised and updated to identify and prioritize risks. The complexity of business operating

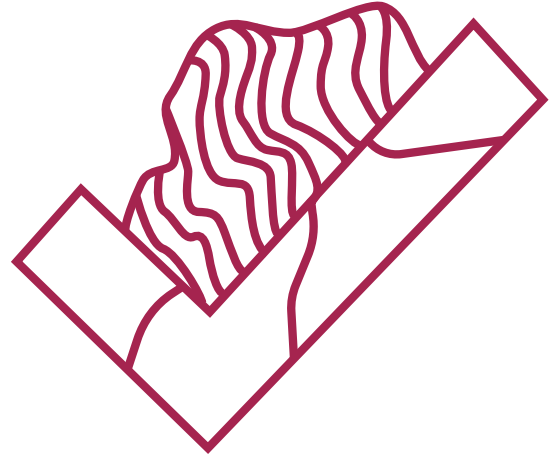
structures, including entities with international business dealings and transactions means there is a need for a highly skilled workforce. We will take steps to address the shortage of skilled audit staff through targeted external recruitment and internal transfers of suitably qualified staff. We will also focus on enhancing skills, knowledge, and expertise of our staff through relevant HR skilling programs.

There is a global focus on international tax avoidance and evasion practices. Steps will be taken over the period of the Strategic Plan to build technical capacity to address international risks, including through donor support. An effective audit program is needed to tackle non-compliance. We will progressively strengthen audit procedures and techniques, including adoption of a broader suite of audit types e.g., single issue audits to increase audit coverage.

**Improve the compliance of large taxpayers**

**Deputy Director General Operations/  
Director Large Taxpayer Department**

<b>Action:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>2.1</b> Expand the criteria for determining the number of taxpayers administered by the Large Taxpayer Department (LTD) to include strategically significant taxpayers.	→				
<b>2.2</b> Develop a specific LTD risk management capability including developing specific risk filters (financial and tax specific) relevant to large businesses.	→				
<b>2.3</b> Undertake analysis to identify the potential exposure of multi-national enterprises to international tax risks; identify the required skills and expertise.	→				
<b>2.4</b> Secure support from development partners/donors to build transfer pricing capability including technical knowledge, risk identification and practical guidance on audit techniques.	→				
<b>2.5</b> Increase the number of audit staff through targeted external recruitment and internal transfers of suitably qualified staff to ensure the audit function is well-resourced.	→				
<b>2.6</b> Address the learning and development needs of the LTD; strengthen the audit function, consistent with international practice by adopting modern audit procedures, techniques, and a broad range of audit types.	→				
<b>2.7</b> Develop strategies to progressively build industry specialization to better understand business practices and identify specific industry risks.		→			



**Strengthen registration, filing, correct reporting and payment compliance**

We will continue to build a robust compliance risk management and data analysis capability to strengthen compliance risk identification to increase revenue collection and reduce the tax gap.

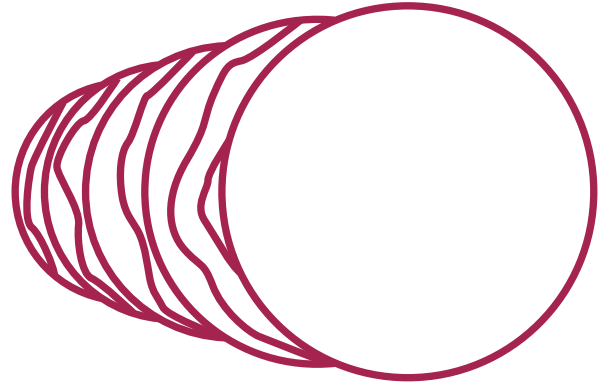
The identification of risks, and development of mitigation strategies, ensures a focus on the most significant issues and provides the basis for allocating resources to those activities that will have the biggest impact on compliance and revenue collection. With further developments in technology, we will expand our use of third-party information to identify non-compliant taxpayers.



**Strengthen registration, filing, correct reporting and payment compliance**

**DDG Programs and Procedures/  
DDG Operations/Director Risk Management and Planning Department**

<b>Action:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>3.1</b> Expand the process for identifying, assessing, prioritizing, and mitigating compliance risks to cover significant risks for all tax types.	→				
<b>3.2</b> Build a data analysis and analytics capability to extract and analyze data to support compliance risk identification; partner with the academic sector to explore learning and professional development opportunities.	→				
<b>3.3</b> Establish a project team to expand access to and the use of third-party data including banks, other government agencies, Cadastre Agencies, and motor vehicle registries etc. to strengthen compliance risk identification. (See Action 5.12)	→				
<b>3.4</b> Increase the focus on VAT compliance to address identified risks including failure to register for VAT, under-reporting of sales and overstating of input tax credits, fraudulent claims; and non-filing of monthly returns.	→				
<b>3.5</b> Progressively increase on-time filing compliance to 90 percent (or better) measured against the taxpayer register, commencing with VAT.	→				
<b>3.6</b> Enhance the approach to addressing tax risks from the informal economy (undisclosed or omitted income); assign dedicated resourcing to informal economy projects.	→				
<b>3.7</b> Develop a compliance strategy (with assistance from a development partner) to strengthen compliance of high net wealth individuals (HNWI).	Strategies to improve compliance (see 3.8)			Specific HNWI program	
<b>3.8</b> Increase the audit focus on compliance with personal income tax obligations including failure to declare capital gains tax in relation to real property.	→				
<b>3.9</b> Increase the number of businesses using fiscal cash registers and increase the number of fiscal coupons issued.	→				
<b>3.10</b> Continue to improve the integrity of the taxpayer registration database by removing inactive taxpayers, duplicate records and fixing incorrect accounts.	→				



### **Provide contemporary taxpayer services**

Taxpayer service plays a critical role in improving voluntary compliance by ensuring that taxpayers are aware of their responsibilities and obligations as well as their rights and entitlements under the law. Over the period of the Strategic Plan, we will ensure taxpayers have up-to-date information, assistance and support they need to meet their registration, filing, correct reporting and payment obligations. We will continue to develop informational and educational materials to assist taxpayers which will be available through a range of service channels including face-to face, our website, in the media and digital media, and through outreach programs. We will also use social networking platforms such as Facebook for disseminating information to taxpayers.

We also need to make it easy for taxpayers to comply with their obligations. TAK will continue to re-engineer its service channels and further develop on-line services and self-help solutions to enable taxpayers to complete transactional tasks, improve our operational efficiency and reduce taxpayer compliance costs. We will also develop strong collaborative relationships with external stakeholders to discuss ongoing educational, service and compliance initiatives.

<b>Provide contemporary taxpayer services</b>		<b>DDG Programs and Procedures/ Director Taxpayer Registration &amp; Services Department/Director Department of Independent Functions</b>				
<b>Action:</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>4.1</b>	Develop and /or improve on-line e-services and interactive tools to enable taxpayers to complete transactional tasks on-line to make it easy for them to comply with tax obligations.					
<b>4.2</b>	Continuously improve guidance and advice to taxpayers on registration, filing and payment obligations for all tax types through updates to the TAK website, tax calendars, brochures and fact sheets, business visits and outreach programs, online seminars and workshops, the use of media and social media; and outbound calls to new business and new to employing.	Continuous process				
<b>4.3</b>	Conduct campaigns to raise taxpayers and other stakeholders' awareness of new and amended laws and regulations.	As new laws are enacted				
<b>4.4</b>	Conduct taxpayer surveys (with support from GIZ) to better understand their satisfaction with TAK services and performance; identify opportunities for improved service delivery, particularly using new technologies.		→		→	
<b>4.5</b>	Ensure mechanisms are in place for consultation with stakeholders e.g., accounting and industry associations, to further improve TAK's administration.					
<b>4.6</b>	Publish the Taxpayer Charter setting out taxpayers' rights and responsibilities when dealing with TAK to strengthen mutual trust and respect.	→				

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## Strategic Goal 2

# Modernize Tax Administration

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### **Strengthen TAK management and accountability framework**

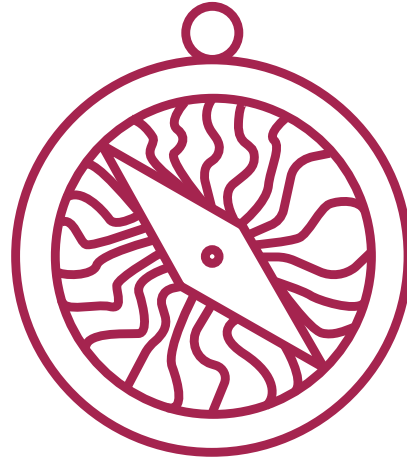
a) **Governance and stewardship:**

We will continue to enhance our governance processes, structures, and frameworks to optimize performance through setting the strategic direction and planning, setting priorities, overseeing compliance initiatives to address risks, managing institutional risks, drive innovation and continuous improvement, and performance monitoring. We will strengthen our approach to program and project management to ensure that our reform projects are delivered on time and within budget and with the required scope and quality.

### **Enterprise risk management:**

Risks can affect our ability to implement programs, projects, and routine collection activities. We will progressively develop a structured approach to identifying and evaluating events that may adversely impact on our operations.

<b>Strengthen TAK management Framework</b>		<b>Senior Leadership Team/Director Project Development and Coordination Department</b>				
<b>Action:</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>5.1</b>	Develop formal mandates (role, membership, meeting schedule and operational processes) for various executive, strategic, and operational forums.	→				
<b>5.2</b>	Regularly review progress and achievement of actions and strategies in the Strategic Plan 2022-26 and key reform projects to ensure reforms deliver the expected outcomes; provide direction and resolve outstanding issues.	→				
<b>5.3</b>	Develop a process for identifying, assessing, and managing institutional risks e.g., natural disasters, IT system failure, to minimize the impact on TAK outcomes.		→			
<b>5.4</b>	Ensure major transformational reform initiatives are governed by strong project planning, risk and issues management and regular monitoring and reporting of progress against milestones.	→				



b) **Fostering international relations to build an effective tax administration:**

Tax administrations have a strong focus on co-operation and communication to enhance the efficiency and effectiveness of their operations. This includes dialogue at international forums to identify and discuss global trends, understand both regional and global developments in tax laws and administration, share best practices in taxpayer services, enforcement, work practices, and capacity building initiatives and attendance at training events. TAK engages with several tax

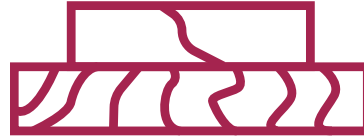
administrations and works closely with development partners for capacity development and training to modernize and strengthen our administration.

In addition, global initiatives including the base erosion and profit shifting project (BEPS), combined with increase in global trade and cross border transactions and advances in e-commerce, requires increased attention to take account of international rules and ensure that Kosovo addresses tax avoidance and receive the appropriate share of revenue. (See Actions 5.10 and 5.11)

**Enhance international relations**

**Director General/Manager of the Division for International Cooperation and Tax Treaties**

<b>Action:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>5.5</b> Strengthen ties with other tax administrations to identify good international practices, capacity development support and training and development opportunities.	Continuous process				
<b>5.6</b> Work closely with development partners including the IMF, World Bank, GIZ, Tax Inspectors Without Borders, USAID for capacity building and technical assistance to improve the effectiveness of tax administration in Kosovo.	Annual work programs linked to strategic priorities				
<b>5.7</b> Participate in the European Union's Fiscalis Programme (subject to finalization of an agreement with the Ministry of Finance) covering training activities and capacity building.	Timing dependent on EU program				



c) **Contributing to the development of the tax legislative framework**

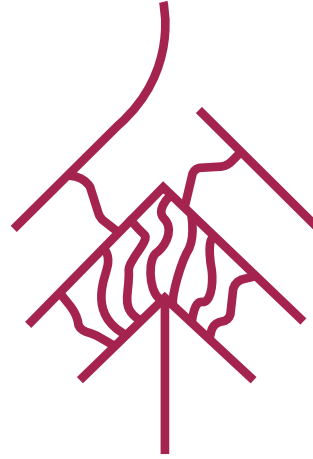
We will actively support the government's policy priorities in relation to the development and drafting of new tax laws to support the Kosovo Government Program 2021-2025. Specifically, we will provide advice on the administrative, compliance and interpretative implications of new tax policy proposals and new tax laws; and provide recommendations on changes to existing laws to improve their effectiveness. As new legislation is enacted we will ensure effective implementation including through taxpayer awareness campaigns and informational material to assist taxpayers to understand and comply with their obligations.



**Contribute to the strengthening of the tax legislative framework**

**Director General/DDG Program and Procedures/Director Legal Services  
Department/Manager of the Division for International Cooperation and Tax Treaties**

<b>Action:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>5.8</b> Support the government's annual legislative program through involvement in MoF Working Groups on the development and drafting of new tax laws.	Subject to involvement on Working Groups				
<b>5.9</b> Provide the government (through the MoF) recommended changes and amendments to existing tax laws to remove inconsistencies, strengthen their effectiveness and improve administrative processes.	Annual process	→			
<b>5.10</b> Work with the MoF on: (1) the establishment of a legal basis for the automatic exchange of information (Common Reporting Standards); and (2) the steps to progress measures from the Base Erosion and Profit Shifting Project (BEPS) including CFC rules and anti-avoidance measures, for consideration by the Government.		→			
<b>5.11</b> As a member of the MoF Working Group, contribute to the development of a concept proposal on tax policy changes according to good practices in international taxation (IMF Mission General Diagnostics of the Tax System April 2021) to increase sustainable revenues.	Concept Paper → Govt Processes				
<b>5.12</b> Support the development and operation of memoranda of understanding with other government agencies and institutions to support exchange of information and data matching. (See Action 3.3)		→			
<b>5.13</b> Strengthen technical decision making by providing practical guidance to TAK Departments on the interpretation of various tax laws.	Continuous process	→			

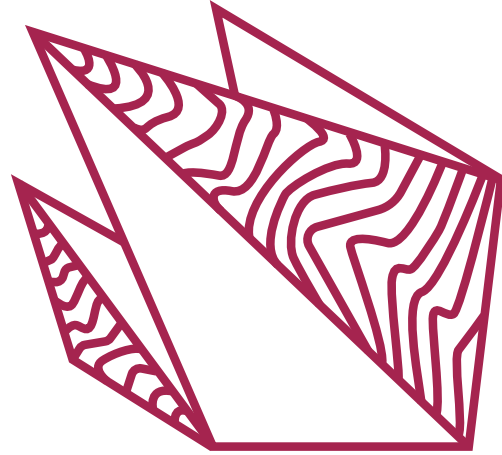


**Provide contemporary information technology systems, processes, and tools**

Modern tax administrations take advantage of information technology to deliver effective administration of tax laws. Over the next 5 years, TAK will deliver a new core tax administration information technology system to replace our outdated IT system and improve our technology platform to support transformation of tax administration in Kosovo. We will expand the ability to collect and store data from third parties to support

our business processes and better target enforcement action. We will continue to pursue opportunities to further enhance electronic services to reflect the increasing shift towards the use of digital (online) services in the community and replace manual and paper-based processes. We also aim to equip our personnel with tools and other technologies to support adoption of remote and flexible field based working arrangements.

Provide contemporary information technology systems, processes, and tools	DDG Support to Programs and Procedures/Director Information Technology Department				
Action:	2022	2023	2024	2025	2026
6.1 Fully complete the development (design, build and test phases) and progressive deployment of the new core tax administration information technology system in accordance with the IT project implementation plan.	→				
6.2 Resource the business owner working groups to ensure the design of the system and new work processes has the appropriate business input.	→				
6.3 Finetune the new system, undertake remediation of identified defects, and undertake system maintenance and modifications during the warranty period.			→		
6.4 Secure appropriate funding from the MoF to fund the IT replacement project beyond 2022.		→			
6.5 Ensure a skilling program is developed by the vendor to support staff (trainers, users, system administrators, managers etc.) with the new technology and changed work processes prior to the implementation of the new system.	→				
6.6 Strengthen technical decision making by providing practical guidance to TAK Departments on the interpretation of various tax laws.			→		
6.7 Pursue opportunities to equip TAK staff with electronic tools to provide greater workplace flexibility e.g., phones, tablets, laptops for field staff to enable access to TAK policies and support references, and access and scan taxpayer records.			→		



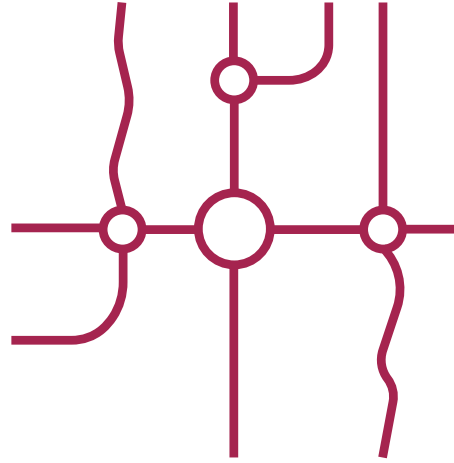
**Adopt international practices for core business processes**

We will continue to modernize our core business processes to increase effectiveness. We will do this by taking account of developments, experiences, and work practice reforms in modern tax administrations, and with capacity development support from international providers re-engineer core business processes.

a) **Audit**

The taxpayer audit function is critical in the administration of tax laws. It plays a key role in influencing and promoting voluntary compliance and detecting and tackling non-compliance. An effective audit program requires modern audit processes and techniques, identification and analysis of the most significant risks, annual audit plans to maximize the use of audit resources, and audit staff with the appropriate level of technical knowledge. Over the period of the Strategic Plan, we will focus on improving our audit capacity and expertise. Additional donor support will be sought to assist the TAK improve its audit processes, methodologies, and techniques; and develop technical knowledge and audit skills.

Adopt international practices for core processes	DDG Programs and Procedures/ Director Audit and Procedures Department				
Action:	2022	2023	2024	2025	2026
7.1 Fully implement the Audit Improvement Strategy (AIS) 2020-2022 to strengthen the tax audit function including taking steps to modernize audit processes, procedures, techniques, and audit skills.	→				
7.2 Review, revise and update the AIS to take account of progress with building audit capability and set new strategies and priorities.		→			
7.3 Secure additional donor support to develop a sustainable audit function based on best practice, including improving competencies and addressing capability gaps, development and use of contemporary audit technique guides, and strengthening audit case selection parameters/risk criteria.	Subject to donor support →				
7.4 Introduce limited scope/singe issue audits (in addition to other audit types) to address specific tax types (e.g., VAT) and specific risk issues to increase audit coverage.			→		
7.5 Maximize the time audit staff conduct taxpayer audits and reassign compliance visits and low value activities e.g., business closures, requests from other institutions, inventory destruction to non-audit staff.	→				
7.6 Develop and implement a comprehensive approach for assessing the efficiency and effectiveness of audits; review adherence to procedures and processes, quality standards and timeframes, and the extent that the identified risks were analyzed.	→				

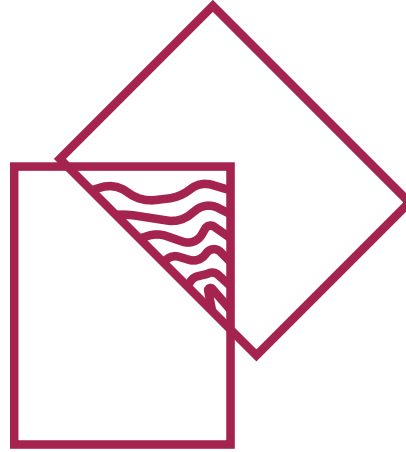


b) **Debt Management**

We will look to build on the recent reforms to the collection enforcement function which included the consolidation of 11 regional debt collection offices into a single collection center and the introduction of four distinct work streams with time-bound work processes; and ensure that the expected debt

collection outcomes materialize. We will focus on embedding the new ways of working and scale up collection activities and ensure timely recovery of tax debts. In addition, we will develop and implement priority collection strategies to reduce the large stock of debt.

Adopt international practices for core processes	DDG Operations/DDG Programs and Procedures/Director Enforced Collection Department/ Director Procedures of Enforced Collection and Fiscal Cash Department				
Action:	2022	2023	2024	2025	2026
7.7 Ensure the new enforced collection work processes are fully implemented as intended and expected outcomes materialize including strengthening seizure of assets and debt write off processes.					
7.8 Implement collection strategies that reduce the large stock of collectible debt, with the initial focus on debts over €100,000.	Ongoing activity				
7.9 Establish annual debt collection targets; strengthen the monitoring of debt collection performance by monthly reviews of progress against debt reduction targets.					
7.10 Create a culture of accountability by establishing clear expectations and targets; ensure staff are adequately trained and provide regular and constructive feedback on performance outcomes.					
7.11 Work with other government agencies to develop strategies to address cases where new businesses are created to continue deliberately liquidated businesses to avoid paying tax debts (called 'phoenix activity').	Initial activity				
7.12 Drive continuous improvement by identifying new practices in debt collection pursued by tax administrations globally that could be adopted to strengthen debt management practices.					



c) **VAT**

VAT is a key tax type in Kosovo accounting for approximately 48 percent of TAK total collections (2020 data). A key feature of the VAT system of taxation is the timely refund of the difference between VAT paid by businesses and the VAT collected on taxable sales. Refund related fraud is addressed through a VAT compliance strategy based on risk with pre refund audits and verification directed to high-risk claims. To improve operational performance, VAT refund processing has been consolidated in a single office. Due to the importance of refunds for a businesses' cash flow, prompt payment of refunds is a priority.



Increase revenue collection as a % of GDP		DDG Operation/Director Refunds and Call Center				
Action:		2022	2023	2024	2025	2026
<b>7.13</b>	Continue to improve the processing of VAT returns (90 percent of VAT refunds within 30 days) to support businesses' cash flow.					
<b>7.14</b>	Verify the credibility of major VAT credits carried forward including through audits of high risk/high value taxpayers.					
<b>7.15</b>	Undertake risk assessment of all credit returns consistent with the processes for refund claims.					

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## Strategic Goal 3

# Build Staff and Institutional Capacity

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### **Adopt modern organizational structures and optimize the use of resources**

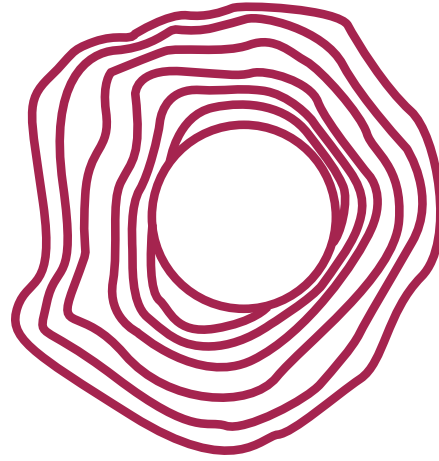
TAK's organization structure reflects many of the features of modern tax administration practices including the adoption of a function-based structure with a strong headquarters with three business streams - Tax Program Design, Tax Operational Delivery and Tax Program Support. Each of the three business streams is currently headed by a Deputy Director General (DDG).

Some initial steps have been taken to reform our regional office network with the establishment of a Large Taxpayer Department (LTD) and the consolidation of the debt enforcement function. We will aim to further develop our organizational structures by streamlining our regional office network to reflect modern tax administration practices. Some of the drivers for this include: (1) Government pressure for greater efficiency; (2) IT developments

have eliminated labor-intensive manual processes, and changed the nature of service delivery e.g., introduction of call centers, development of e-services including electronic filing of returns and payments; (3) reductions in the need for face-to-face interaction with taxpayers and a move away from the need for a physical presence; and (4) recognition of the need for specific areas of expertise and to create a critical mass.

We will continue to focus on strengthening overall levels of voluntary taxpayer compliance and treat specific areas of non-compliance. Progressively, we will improve the allocation of resources to those activities that have the biggest impact on compliance and revenue collection.

Adopt modern organizational structures and optimize the use of resources	Director General/Deputy Directors General				
	Action:	2022	2023	2024	2025
<b>8.1</b> Develop options to modernize the regional office network including consolidation of smaller offices into regional centers, adopting a segment-based approach or consolidation of core functions into larger specialized offices.					
<b>8.2</b> Develop a medium-term implementation plan (including phases and timeline) after consideration of benefits of various structural reform options including costs, taxpayer impacts, workforce planning considerations including civil service constraints.					
<b>8.3</b> Discuss with the government changes needed to legal provisions to enable organizational changes to be implemented including redeployment of staff to priority workloads.					
<b>8.4</b> Reassign staff freed up because of new technologies, organizational and work practice changes in accordance with corporate priorities.	annual planning cycle				



**Grow the capacity and skills of our staff  
(Reviewed 28 October)**

Achievement of our future business outcomes depends on identifying our future workforce needs in the medium-term and taking steps to address identified gaps. A workforce plan will be developed to identify current and future competencies and staffing requirements associated with the introduction of new technology and other reform initiatives and address organizational gaps. Steps will be taken to build capability and develop the skills and competencies of our employees to meet key capability requirements to achieve the business outcomes identified in the Strategic Plan. This includes tax technical, audit, risk management, data analysis, information technology, project management, revenue forecasting, leadership, and managerial skills.

Effective administration requires increased focus on Civil Service HR considerations. Targeted and timely recruitment is needed to meet organizational skill and qualification requirements and greater flexibility is needed to deploy scarce resources on a temporary or permanent basis to meet key operational workloads and changing dynamic priorities.

**Grow the capacity and skills of our staff**

**DDG Programs and Procedures/  
DDG Operations/Manager of Human  
Resources Division**

<b>Action:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<p><b>9.1</b> Identify future workforce requirements to meet our strategic objectives and identify key gaps; develop a plan to skill and redeploy staff to address identified key gaps.</p>					
<p><b>9.2</b> Develop short- and medium-term skill development and recruitment programs to address key priority areas including information technology, data analysis, taxpayer audit, leadership, and managerial skills.</p>					



**Strengthen internal controls, professionalism, and Integrity**

We will continue to strive to develop an organization with high levels of integrity, that fosters high professional standards and observance of organizational values. We will give increased emphasis on managerial responsibility for ethical behavior and reinforce standards of behavior and conduct, provide training to all staff, ensure appropriate mechanisms are in place for reporting and investigating potential misconduct; and ensure controls and audits are in place to detect and deter any fraudulent behavior.

**Strengthen internal controls and integrity**

**Manger Professional Standards Division**

Action:	2022	2023	2024	2025	2026
<p><b>10.1</b> Fully implement the Action Plan on Integrity 2021-23 to ensure high standards of integrity; actively monitor integrity performance indicators.</p>	→		Integrity Plan updated		
<p><b>10.2</b> Progress the role out and reinforcement of the Prevention of Conflict of Interest.</p>	→				
<p><b>10.3</b> Continue to identify and assess potential integrity risks and put in place appropriate mitigation strategies.</p>	→				
<p><b>10.4</b> Reinforce integrity standards, and desired standards of behavior in the Code of Conduct through regular training and workshops so that it is ingrained in all actions of TAK officers.</p>	→				
<p><b>10.5</b> Progress the Open Data initiative to improve transparency and ensure that data that is not confidential is publicly available on the TAK website</p>	→	ongoing			

# Measuring Our Performance

The performance measures are used to assess and monitor our performance and the progress of TAK towards our goals.

## Strategic Goal 1 – Improve Revenue Collection and Reduce the Tax Gap

Measure	Indicator	Outcome
Revenue Collection	<ul style="list-style-type: none"><li>Trend in total net revenue collected by tax type compared to forecast</li></ul>	<ul style="list-style-type: none"><li>100% or better</li><li>Downward trajectory in the tax gap compared to baseline</li><li>Comprehensive compliance risk management plan in place for all tax types and all core obligations</li></ul>
Informal economy	<ul style="list-style-type: none"><li>Number of compliance audits and additional revenue from cash-based businesses</li></ul>	<ul style="list-style-type: none"><li>Downward trend in estimation of the informal economy</li><li>Tax revenue collection growth from specific cash industries</li></ul>
Debt Collection	<ul style="list-style-type: none"><li>Ratio of collectible debt to net tax collections</li><li>Reduction in stock of arrears</li></ul>	<ul style="list-style-type: none"><li>10%</li><li>Downward trend in the stock of arrears and increasing value of collection from debt collection activities</li><li>Percentage of debt older than 12 months</li></ul>
Registration in the tax system	<ul style="list-style-type: none"><li>Accuracy of the registration database</li><li>Knowledge of the potential taxpayer base</li></ul>	<ul style="list-style-type: none"><li>Increasing trend in the number of updates to taxpayer records</li><li>Comparison of the level of registrations to external data sources</li><li>Downward trend in the number of inactive taxpayers on the register</li></ul>



Filing compliance for all tax types	<ul style="list-style-type: none"> <li>• Proportion of tax returns for all tax types filed and filed on time</li> </ul>	<ul style="list-style-type: none"> <li>• 90% or better</li> <li>• Increasing trend in the number of taxpayers who file on time</li> <li>• 90 percent of all returns filed electronically (100 percent for large taxpayers)</li> </ul>
Audit Revenue	<ul style="list-style-type: none"> <li>• Number of taxpayer audits and increase in tax liabilities</li> <li>• Audits selected centrally</li> </ul>	<ul style="list-style-type: none"> <li>• Trend in additional tax assessed by tax type</li> <li>• Audits completed compared to plan</li> <li>• 90% of audits selected centrally</li> <li>• Increasing trend in the audit quality rating</li> </ul>
Payment of taxes on time	<ul style="list-style-type: none"> <li>• Proportion of liabilities paid on time compared to baseline</li> </ul>	<ul style="list-style-type: none"> <li>• 90% or better</li> <li>• Increasing trend in the number of taxpayers who pay on time</li> </ul>
Compliance—personal income tax obligations	<ul style="list-style-type: none"> <li>• Mitigation of identified risks and improved levels of compliance against baseline data</li> </ul>	<ul style="list-style-type: none"> <li>• Upward trend in employers paying withholding tax</li> <li>• Increasing trend in the number of PIT returns filed</li> </ul>
Data matching	<ul style="list-style-type: none"> <li>• Increase in third party data matching to detect inaccurate reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Upward trend in data matching transactions from other organizations</li> <li>• Increase in the number of MOUs with other government agencies and municipalities on exchange of data</li> </ul>
Taxpayer Services	<ul style="list-style-type: none"> <li>• Taxpayers feedback on education products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the number of guidance products developed</li> </ul>
Taxpayer complaints	<ul style="list-style-type: none"> <li>• Trend in the number of complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Downward trend in the number of taxpayer complaints lodged</li> </ul>

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## Strategic Goal 2 – Modernize Tax Administration

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Measure	Indicator	Outcome
Corporate Governance	<ul style="list-style-type: none"> <li>Corporate governance processes in place to provide executive leadership</li> </ul>	<ul style="list-style-type: none"> <li>Robust governance framework in place to set directions and monitor progress</li> <li>Extent of progress of transformational reforms</li> <li>Benchmarking (TADAT ratings)</li> </ul>
IT systems and technology infrastructure	<ul style="list-style-type: none"> <li>IST systems and processes are supporting our core business functions</li> </ul>	<ul style="list-style-type: none"> <li>New ICT core tax administration information technology system in place</li> </ul>
Taxpayer satisfaction	<ul style="list-style-type: none"> <li>Trend in taxpayer satisfaction ratings</li> </ul>	<ul style="list-style-type: none"> <li>Survey trend in taxpayer satisfaction with TAK performance and products and services</li> <li>Taxpayer Charter implemented</li> </ul>
E-services	<ul style="list-style-type: none"> <li>Proportion of inbound transactions received digitally</li> </ul>	<ul style="list-style-type: none"> <li>Increasing trend in the number of taxpayer interactions delivered electronically</li> <li>Increase in the use of social media for taxpayer support and education</li> </ul>
Tax Legislative framework	<ul style="list-style-type: none"> <li>Introduction of new contemporary tax laws</li> </ul>	<ul style="list-style-type: none"> <li>New administrative arrangements in place for new/revised tax laws; taxpayers understand new law obligations</li> </ul>

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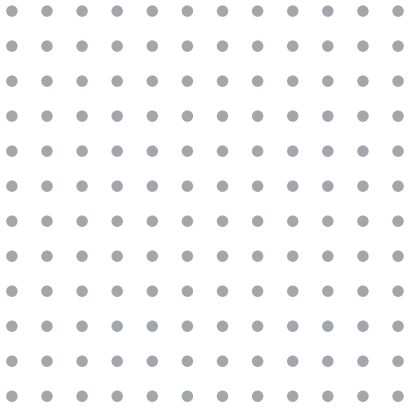
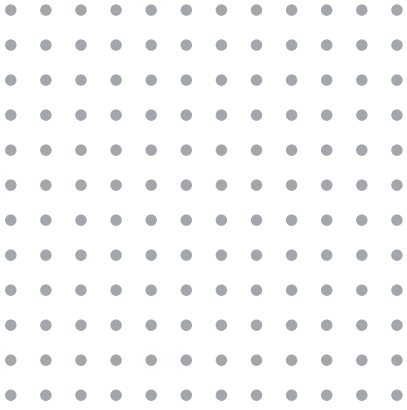
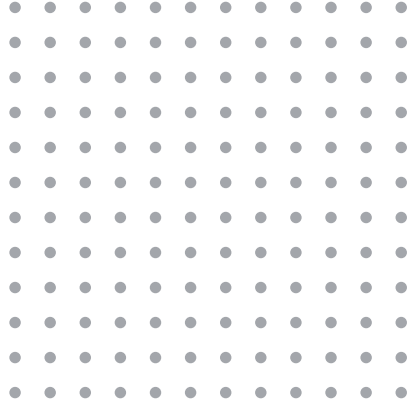
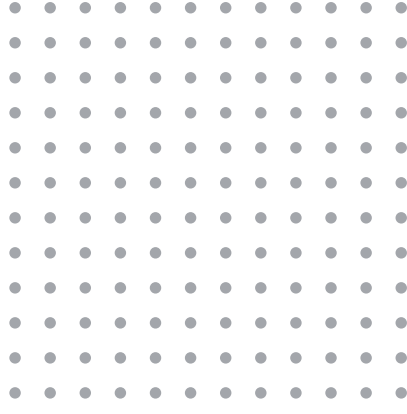
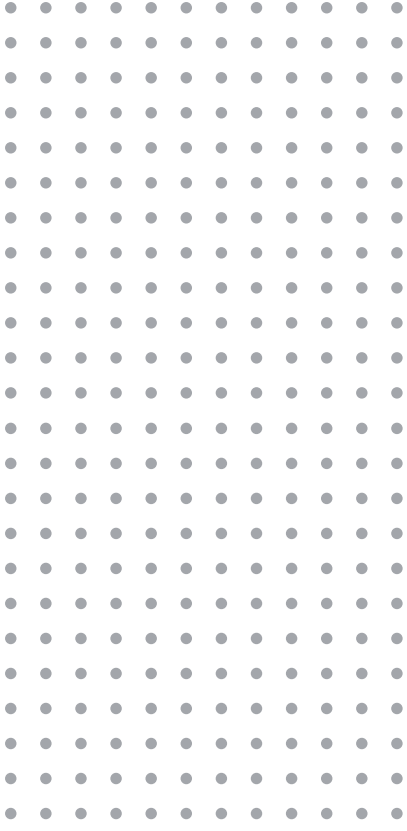
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## Strategic Goal 3 – Build Staff and Institutional Capacity

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Measure	Indicator	Outcome
Workforce Engagement	<ul style="list-style-type: none"> <li>Trend in employee surveys</li> </ul>	<ul style="list-style-type: none"> <li>Increasing trend in staff engagement</li> </ul>
Staff capability	<ul style="list-style-type: none"> <li>Staff with the right skills and in the right location for effective delivery of TAK priorities</li> </ul>	<ul style="list-style-type: none"> <li>Learning and development opportunities provided to meet key business outcomes</li> <li>Critical capability gaps addressed through targeted recruitment and development programs</li> </ul>
Modern organization structure	<ul style="list-style-type: none"> <li>New regional office structure operating effectively</li> </ul>	<ul style="list-style-type: none"> <li>New organizational structure in place reflecting modern tax administration practice</li> </ul>
Integrity	<ul style="list-style-type: none"> <li>Effectiveness of integrity framework</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees trained in fraud awareness and ethical behavior</li> <li>Investigations conducted to address allegations of misconduct</li> <li>Taxpayer survey results</li> </ul>

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# Processes for implementation, reporting and monitoring

**The Strategic Plan 2022—26 will be reviewed annually to take account of any emerging issues that may affect the current strategies.**

The plan will be adjusted as needed. The Strategic Plan will be supported by our annual planning process which will reflect those strategies to be progressed in the coming year. The scale of the reform program highlights the need for effective governance processes to be in place. TAK's governance framework will track and monitor progress of the reforms in the Strategic Plan 2022-2026. This process will ensure that the various strategic initiatives deliver the expected outcomes, and that critical paths and dependencies are well managed.

The Senior Leadership Team will have responsibility for:

- Communicating and committing to the strategic plan and supporting staff understand the vision and directions for the future and adapt to the change.
- Resourcing the development of various strategic initiatives and monitoring implementation of the plan.
- Assigning accountability for various strategic initiatives to various DDGs and Directors.
- Monitoring implementation and progress in achieving strategic goals and objectives.
- Provide direction and resolve outstanding issues, where needed; direct corrective action in relation to underperforming strategies and actions.
- Adjusting the plan where necessary to take account of emerging issues e.g., change in the risk landscape.

The Risk Management and Planning Department will oversee implementation of the Strategic Plan. Its role is to:

- Develop an implementation plan.
- Co-ordinate the development of project/action plans for various reforms.
- Identify potential dependencies and critical paths.
- Assist in the identification and mitigation of significant risks and issues.
- Establish a formal monitoring process to assess progress of strategies.
- Report progress to the Senior Leadership Team and identify where intended outcomes are not being achieved and report decisions of the SLT and monitor action items.
- Ensure activities in the plan are reflected in annual plans with appropriate targets established.

