LAW NO. 08/L-257

ON THE ADMINISTRATION OF TAX PROCEDURES

The Assembly of the Republic of Kosovo;

Based on Article 65 (1) of the Constitution of the Republic of Kosovo,

Approves:

LAW ON THE ADMINISTRATION OF TAX PROCEDURES

CHAPTER I
GENERAL PROVISIONS

Article 1
Purpose

This Law regulates the procedures for the administration of tax liabilities in the Republic of Kosovo that are within the scope of the Tax Administration of Kosovo (hereinafter: TAK), as well as the principles of TAK's organization and operation.

Article 2
Scope

The provisions of this Law are mandatory for all persons’ subject to the scope of this Law, for the TAK and other institutions defined by this Law.

Article 3
Definitions

1. Terms used in this Law shall have the following meaning:

1.1. Economic activity – any activity of producers, traders or persons supplying goods and/or services including mining and agricultural activities, and activities of the professions and exploitation activities of tangible or intangible property for the purposes of obtaining revenues on a continuous basis;

1.2. Public authority – a central, local, public, or other authority that exercises public executive, legislative, regulatory, administrative or judicial power;

1.3. Lien - the right of the TAK to taking and holding property of the taxpayer by TAK as security for payment of any tax and the right to sell such property and apply the proceeds of the sale for payment of that tax;

1.4. Closing Balance Sheet – a financial statement on the day of termination of a business activity;

1.5. Tax declaration:

1.5.1. Personal Income Tax declaration (hereafter referred to as: PIT);

1.5.2. Corporate Income Tax declaration (hereafter referred to as: CIT);
1.5.3. VAT declaration;

1.5.4. pension contributions declaration; and

1.5.5. any other declaration requested by the TAK.

1.6. Tax obligation – obligation to pay regarding the realization of taxable income under the tax legislation in force.

1.7. Tax Document - a document issued by the TAK during the exercise of tasks as defined by the law;

1.8. Delivery – the service of a relevant document on a taxpayer by:

1.8.1. handing the document to the taxpayer, the taxpayer representative, a member of the taxpayer’s household, or an officer, director or employee of the taxpayer, and such action is deemed complete whether the person agrees to take the document or not;

1.8.2. leaving the document at the taxpayer’s dwelling or usual place of business;

1.8.3. sending the document by mail to the taxpayer’s last known address; or.

1.8.4. sending the document by email to the taxpayer’s last known address;

1.9. Entity – the corporation or other business organization that has the status of a legal entity, the business organization that operates with publicly and socially owned assets, the non-governmental organization registered according to the legislation on the registration and operation of non-governmental organizations in the Republic of Kosovo, as well as the permanent unit of the non-resident person and shall not include a personal business enterprise, grouping or association of persons, or a partnership;

1.10. Fictitious invoice – the issuance of an invoice by a person who is not registered according to the relevant legislation in force, while the transaction/supply of the goods and/or service, did not take place.

1.11. Administrative investigations – any inspection, audit or other measure taken by the administrative body to identify the irregular nature of the activities under investigation, as long as these investigations do not conflict with the powers of the State Prosecutor’s Office to initiate criminal investigations.

1.12. Employee – the natural person who performs work for wages under the direction and control of the employer, regardless of whether the work is performed under a contract or any other form of agreement, whether written or not;

1.13. Non-resident – any person or entity that does not meet one of the criteria defined under paragraph 1, subparagraph 1.40 of this Article;

1.14. Tax advisor – a person who provides tax advice to a taxpayer in the course of a tax procedure;

1.15. Undocumented Goods – goods in the possession of a person for which there are no corresponding documents which can demonstrate their origin, from whom the person purchased or imported the goods, or from whom the person received the goods in exchange for other goods or services;
1.16. Levy – the seizure or other taking of property for the payment of any tax due to the TAK;

1.17. Individual business enterprise – a natural person engaged in business, who is not a dependent or employed agent of another economic activity;

1.18. Fiscal Number – the number that TAK provides to the taxpayer and which is used only for tax purposes;

1.19. Unique Identification Number – the registration number the business organization has been provided with by the Kosovo Business Registration Agency (hereafter the KBRA);

1.20. Permanent establishment – the term defined in the legislation on CIT in force;

1.21. Economic Operator – the company authorized by the competent body to supply, install and maintain the FED/FS.

1.22. Business Organization – a general term including any type of commercial companies established in the Republic of Kosovo according to the legislation in force;

1.23. Partnership:

1.23.1. a general partnership, a limited partnership or similar pass-through arrangement that is not a legal person and that proportionately shares items of capital, income, and loss among its partners; and

1.23.2. a grouping or association of persons, including consortiums, but excluding partnerships, set up for a common purpose of a specific economic activity.

1.24. Fiscal Electronic Device (FED)/Fiscal System (FS) – the computerized electronic device or system used to issue receipts for retail transactions;

1.25. Generally Accepted Accounting Principles - the recognized consensus or substantial authoritative support within a country at a particular time as to which economic resources and obligations should be recorded as assets and liabilities, which changes in assets and liabilities should be recorded, how the assets and liabilities and changes in them should be measured, what information should be disclosed and how it should be disclosed, and which financial statements should be prepared;

1.26. Information statement:

1.26.1. a statement on the withholding of taxes, pension contributions and other contributions defined by law;

1.26.2. an annual statement of purchases in excess of five hundred (500) Euros from single suppliers;

1.26.3. an application form to authorize use of a Fiscal Electronic Device/Fiscal System (hereafter: FED/FS);

1.26.4. a receipt issued by a FED/FS or software;

1.26.5. a tax invoice, as required by the Law on Value Added Tax (hereinafter: VAT);

1.26.6. a manually prepared not completed through a FED/FS or software sales invoice/receipt;
1.26.7. the periodic report required to be transmitted to the TAK by a FED/FS or software;
1.26.8. any form assigned by TAK for granting the tax identification number;
1.26.9. financial statements in accordance with the Law on Accounting, Financial Reporting and Auditing;
1.26.10. a purchase book that is required to be sent electronically;
1.26.11. a sales book that is required to be sent electronically;
1.26.12. a form for controlled transactions; and
1.26.13. any other forms and statements for tax purposes.

1.27. Intangible property - patents, copyrights, licenses, exclusive rights (franchises), and other property that consists of rights only, but has no physical form.

1.28. Tax period - the period of time to which a specific tax liability relates established under legislation in force in the Republic of Kosovo.

1.29. Person – natural and legal person;

1.30. Natural Person:

1.30.1. non-business natural person who has no registered business activity; and
1.30.2. the natural business person who has a registered business based on the legislation in force and who conducts regular business activity;

1.31. Taxable person – the person who independently conducts an economic activity in a regular or irregular manner, regardless of the purpose or result of that economic activity;

1.32. Self-employed person - any natural person who works for personal gain, for cash or in kind, who is not included in the definition of an employee according to this Law, including the individual business enterprise and the partnership engaged in an economic activity;

1.33. Legal person - a corporation or other business organization that has the status of a legal person under the legislation in force On Business Organizations and any other legislation in force in the Republic of Kosovo.

1.34. Related persons - persons that have a special relationship that may materially influence the economic results of transactions between them. Persons are considered to have a special relationship in case they:

1.34.1. Are officers or directors of one another’s business;
1.34.2. are legal business partners;
1.34.3. have an employer-employee relationship;
1.34.4. one person holds or controls fifty percent (50%) or more of the shares or voting rights in the other legal person;
1.34.5. one of them directly or indirectly controls the other;
1.34.6. both are directly or indirectly controlled by a third person;

1.34.7. when the persons are relatives of the first, second and third order, specified according to the Law on Inheritance in Kosovo;

1.34.8. when the persons are members of the same multinational company group, which means that each parent company, branch, and subsidiary, is related to the others.

1.35. Fiscal (tax) Representative - a citizen of Republic of Kosovo, designated to act on behalf of a non-resident taxable person in the Republic of Kosovo, who does not have an established business or other fixed place of business in the Republic of Kosovo.

1.36. Taxpayer representative - any person that represents a taxpayer in the course of a tax procedure within the terms of a written authorization.

1.37. Beneficial Owner – the natural person who ultimately owns or controls a customer and/or a natural person on whose behalf a transaction or activity is being conducted, or the person who ultimately exercises effective control over a legal person or arrangement.

1.37.1. In case of legal person, the beneficial owner shall include at least:

1.37.1.1. The natural person who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage of shares or voting rights in that legal entity, including also bearer share holders, other than a company listed on a regulated market that is subject to disclosure requirements, consistent with international standards which ensure adequate transparency of ownership information; a percentage of twenty five percent (25%) or more shares shall be deemed sufficient to meet this criterion; A shareholding of twenty five percent (25%) or more shares or an ownership interest of more than twenty five percent (25%) in the customer held by a natural person shall be an indication of direct ownership. A shareholding of twenty-five percent (25%) or more shares or an ownership interest of more than twenty-five percent (25%) in the customer held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership.

1.37.1.2. the natural person who otherwise exercises control over the management of a legal entity;

1.37.2. In the case of legal entities, such as foundations, and legal arrangements, such as trusts, that administer and distribute funds:

1.37.2.1 when future beneficiaries have already been determined the natural person who is the beneficial of twenty-five percent (25%) or more of the property of legal arrangement or legal entity;

1.37.2.2. when where individuals that benefit from the legal arrangement or entity have not yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;

1.37.2.3. the natural person who exercises control over twenty-five percent (25%) or more of the property of a legal arrangement or entity;

1.37.3. In the case of life or other investment related insurance business the
beneficiaries that are identified as specifically named natural or legal persons or legal arrangements or that are designated by characteristics or by class.

1.38. Employer – any business person or entity that pays wages, including:

1.38.1. public authority;

1.38.2. permanent unit of a non-resident person;

1.38.3. non-governmental organization;

1.38.4. international organization, including KFOR and International Security Missions, with the exception of the United Nations, its Specialized Agencies and the International Atomic Energy Agency;

1.38.5. diplomatic missions, consular offices and liaison offices of foreign countries in the Republic of Kosovo, when they agree to take over the responsibilities of an employer in the Republic of Kosovo; and

1.38.6. religious communities provided for by the legislation in force on Religious Freedom in the Republic of Kosovo;

1.39. Main residence (permanent residence) – the place where a natural person has their domicile or residence, where they are fully subject to taxation;

1.40. Resident:

1.40.1. a natural person;

1.40.1.1. if his/her temporary, usual, main residence is in the Republic of Kosovo; or

1.40.1.2. if he/she stays in the Republic of Kosovo for at least one hundred and eighty-three (183) days during a tax period; or

1.40.1.3. has his/her center of vital interests, his/her personal, financial or social relations, in the Republic of Kosovo; or

1.40.1.4. is a Kosovo citizen working abroad as an official or employee of the Republic of Kosovo in that foreign country.

1.40.2. A person who meets the criteria for being a resident shall be considered a resident from the date of his or her arrival in the Republic of Kosovo.

1.40.3. A personal business enterprise, partnership or company of persons which is established in the Republic of Kosovo;

1.40.4. A legal person:

1.40.4.1. a legal entity established under the laws of the Republic of Kosovo, or

1.40.4.2. a foreign legal entity that has its place of management in the Republic of Kosovo.

1.41. Partnership of persons – two or more individuals, companies, organizations, governments or any combination of these entities for the purpose of participating in a common activity or
pooling their resources for the achievement of a common goal, where each participant is generally limited to activities involving the joint endeavor, particularly the division of profits, and which is established by a contract, which defines the rights and liabilities of each member;

1.42. Tax - includes any tax, contribution or other amount payable to TAK under legislation in force in the Republic of Kosovo.

1.43. Taxpayer - any person who is required to fulfill tax obligations and contributions according to the legislation in force in the Republic of Kosovo;

1.44. Fictitious transaction - the financial action when the transaction did not take place, i.e. when the supply of the goods and/or service did not take place.

1.45. Transfer of Assets - any transaction in which ownership of movable or immovable property is changed, or conveyed, from one person to another person.

1.46. Open market value - the full amount that the consumer must pay, at the same rate of the market in which the supply of goods and/or services takes place, under conditions of equal competition for the supplier under the dominance of the market within the Republic of Kosovo where the supply is made, in order to receive the goods and/or services in question at that time. When comparison cannot be ensured for the supply of goods and/or services, the open market value means, as follows:

1.46.1. in relation to goods, an amount not lower than the purchase price of the goods or similar goods, or in the absence of a purchase price, the cost price determined at the time of supply; and

1.46.2. in relation to services, an amount not lower than the full cost of the taxable person providing that service.

1.47. Assessment – the determination of the taxpayer’s liability for a specific tax and a specific tax period or in the case of submission of the self-assessed declaration by the taxpayer, assessment means entering into the TAK records the fact of the declaration, including a tax debt, if applicable.

CHAPTER II
REGISTRATION OF TAXPAYERS

Article 4
Fiscal Number and obtaining the Fiscal Certificate

1. Any person subject to any kind of tax administered by the TAK shall register with the TAK and obtain a fiscal number before engaging in any economic activity.

2. Exceptionally from paragraph 1 of this Article, the person who conducts an economic activity and is required to be registered with the KBRA, is not required to be provided with a fiscal number.

3. The procedures and criteria to be followed, including the forms used and the information provided by the taxpayer and TAK for issuing the fiscal number, are regulated by a by-law issued by the Minister responsible for Finance (hereinafter: the Minister).

4. The Tax Administration of Kosovo may reject registration of any entity that includes in its listing of officers or directors (including managing director) a responsible representative that has a history of non-compliance (non-submission of declarations or non-payment of tax obligations) in any previous entity for which he or she was a partner, owner, managing director, or other responsible
5. The criteria and procedures for the history of non-compliance are determined by a by-law.

6. Any resident person who does business or conducts projects or programs in Republic of Kosovo, through a non-resident person shall be required to provide an information statement to TAK prior to the non-resident person starting any activity in Republic of Kosovo. The form of the information statement and the criteria for submitting the information statement shall be prescribed by the by-law.

7. Any non-resident person who according to the tax legislation in the Republic of Kosovo is not required to register a business in the Republic of Kosovo, but who is subject to any taxation in the Republic of Kosovo in accordance with the tax legislation of the Republic of Kosovo, except for cases of withholding tax for non-residents and the transaction is subject to the reverse charge from the resident company in the Republic of Kosovo, shall appoint a fiscal representative before starting any economic activity in the Republic of Kosovo. The fiscal representative shall register with the TAK within five (5) days of being named. The registration form and registration procedures are determined by a by-law.

8. Any person that changes a form of business, which results in a change of legal status of the business, such as, but not limited to, a change from individual enterprise to Limited Liability Company, shall obtain a unique ID number for the new business.

9. If the change is a reorganization or merger, as provided for in applicable legislation, the reorganization or merger is completed in accordance with the applicable provisions of the legislation in force.

10. Any transfer of business, or change in form of business, not in accordance with the provisions of this Article, or not supported by applicable contracts or other acceptable evidence of an actual sale, shall be considered to be a continuation of the prior business, with all consequences thereof.

### Article 5

**Deregistration of Taxpayers**

1. The taxpayer may request to be deregistered only after having:

   1.1. declared and paid all tax liabilities;
   1.2. submitted the closing balance sheet or other required records; and
   1.3. been deregistered from the FED/FS.

2. The Tax Administration of Kosovo, within sixty (45) days after the request for deregistration, shall verify the tax situation and when necessary shall carry out an audit of taxpayer’s activity.

3. Within sixty (45) days after receiving a request for deregistration from the taxpayer, if TAK considers that the taxpayer has not met requirements for deregistration as set out in paragraph 1 of this Article, it shall issue a written notice that shall be delivered to the taxpayer.

4. The Tax Administration of Kosovo is obliged to withdraw notification from paragraph 3 of this Article only when the taxpayer has paid all the outstanding liabilities for which he has been notified in writing by TAK.

5. In the event that within forty-five (45) days from the date of receipt of the taxpayer’s request for deregistration, TAK has not notified the taxpayer according to paragraph 3 of this Article, the taxpayer is considered to be deregistered, except in cases where the taxpayer has unpaid tax liabilities.
6. The Tax Administration of Kosovo may deregister from its active register any taxpayer when proven that he/she has not carried out any activity for any reason in the last twelve (12) months. In this case, these taxpayers shall be placed in a special register of inactive taxpayers, of which the TAK will inform the KBRA.

7. Deregistration under paragraphs 1. and 5. of this Article and the deregistration from active register as defined in paragraph 6. of this Article does not eliminate tax liabilities. In such cases, the TAK shall ensure the collection of tax in accordance with all relevant means of collection that may be applied to a taxpayer under the Law.

8. The minister shall issue a by-law on the implementation of this Article.

CHAPTER III
DATA DOCUMENTATION

Article 6
Creating and Retaining Records

1. Taxpayers are obliged to keep books and records compatible with the tax legislation in force. A person who is liable to pay or withhold tax and contributions, shall create records of account in written or electronic form which determines their liability to pay.

2. The specific books and records required to be prepared and retained shall be the same as those set out in the tax legislation in force. The TAK may require a taxpayer to translate any records that are not in one of the official languages of the Republic of Kosovo. The TAK shall determine the format of record keeping as well as the criteria that must be contained in the software used by businesses for wholesale and retail sales.

3. Notwithstanding the record keeping requirements set out in other tax legislation in force:
   3.1. a person required to create records under this Law, shall retain those records for a period of at least six (6) years after the end of the tax period in which the tax liability to which they relate arose;
   3.2. records relating to assets that are depreciable over a period of more than six (6) years must be kept for the depreciable life of the assets, plus one additional year;
   3.3. records related to assets that require the determination of the basis for the treatment of capital gains or the determination of the profit on their sale, must be kept until such assets have been sold or exhibited with plus six (6) additional years;
   3.4. records related to the activity of long-term construction contracts, must be kept plus six (6) years from the end of the project;
   3.5. The Tax Administration of Kosovo may allow taxpayers, who so request, to store original records on microfilm or another storage medium and such records shall be treated as being originals subject to any conditions specified by TAK;
   3.6. the records required to be created and retained under this Article shall relate to the tax periods specified in the legislation in force in Kosovo. The TAK may allow the taxpayer to keep records for different tax periods where it believes this is necessary for efficient operation, and in such case the TAK shall specify the application of those laws to ensure that the TAK, the Kosovo Pension Savings Fund (hereinafter: the KPSF) or any other similar fund, have not been adversely affected.
3.7. records related to electronic services must be kept for a period of at least ten (10) years after the end of the tax period when the electronic services were provided.

3.8. records related to investable gold transactions must be kept for a period of at least ten (10) years.

4. Books and records for businesses with an annual turnover above the VAT registration threshold level are kept in accordance with the general principles of accounting and financial reporting according to the legislation in force in the Republic of Kosovo.

5. Every taxpayer, regardless of the annual turnover, in addition to keeping the books and records provided by law, shall keep a record of goods in stock at the end of the calendar year, which must be ready by January 10 of the following year.

6. Goods in possession of a taxpayer must be documented as to origin.

7. The Tax Administration of Kosovo may require that all supplies made by all or certain types of persons be recorded on FED/FS or software, and may establish the specifications of the types of electronic devices and software which shall be used for such recording. In the case of supplies made by certain taxable persons involving transactions which are not recorded by electronic means, the TAK may require such taxable persons to issue receipts in a manner prescribed by the TAK.

8. All persons engaged in economic activity who are required to install FED/FS or software for recording transactions related to their economic activity, shall issue a receipt to the customer that complies with the technical specifications for receipts.

9. Any transaction in excess of three hundred (€ 300) Euros, made between persons involved in an economic activity, is required to be made through a bank account and/or other forms of payment electronically.

10. Pursuant to paragraph 9 of this Article, in cases where the transaction is in excess of one hundred Euros (€ 100), but it is partially paid in cash and the rest in kind, the cash payment is required to be made through the bank account and/or other forms of payment electronically.

11. Any transaction in excess of the value determined by decision of the Minister, made between the person who conducts an economic activity and the natural person who is not a business, is required to be done through the bank account and/or other forms of payment electronically.

12. Pursuant to paragraph 11. of this Article, in cases where the transaction is in excess of the limit determined by decision of the Minister, but it is partially paid in cash and the rest in kind, the cash payment is required to be made through the bank account and/or other forms of payment electronically.

13. Any salary paid to the employee is required to be made through a licensed financial institution.

14. The Minister shall issue a by-law regarding the implementation of this Article, including the conditions and benefits of consumers, in order to stimulate the issue of fiscal receipts.

**Article 7**

**Economic Operator authorized to supply, install and maintain the FED/FS**

1. The Economic Operator authorized to supply, install and maintain the FED/FS, must:

   1.1. guarantee the work with a bank guarantee or other acceptable form of guarantee;

   1.2. be re-licensed every four (4) years by the TAK;
1.3. re-certify the approved FED/FS models by the competent body every four (4) years;

2. In cases where the Economic Operator fails to get the FED/FS certified by the competent body within twelve (12) months from the date of receiving the Authorization from the TAK, the Authorization as Economic Operator is canceled.

3. The service provider is obliged to respond to all taxpayers’ requests to be equipped with FED/FS within fifteen (15) days from the date of submission of the request for supply with equipment.

4. The service provider is obliged to intervene and eliminate the malfunctioning of the FED/FS according to the requests of the taxpayers and the TAK for servicing and maintenance of the FED/FS, no later than forty-eight (48) hours from the moment of the issue has occurred.

5. The Minister shall issue a by-law on determining the rules and procedures for the selection, administration, placement and use of FED/FS.

Article 8
Access to books, records, computers and similar record storage devices

1. The Tax Administration of Kosovo, at any time and/or with prior notice, shall have full and free access to any facility where economic activity takes place, or where there are books, records, computers, FED/FS and similar record storage devices, there where there are reasonable grounds to conclude that such access can provide the TAK with relevant material related to any type of tax liability.

1.1. Tax Administration of Kosovo shall also have access to third parties, which keep and preserve taxpayer documentation, both inside and outside the Republic of Kosovo.

1.2. The taxpayer ensures that the third party provides full and free access to TAK to the taxpayer’s information and documentation.

2. The Tax Administration of Kosovo may conduct visits without prior notice to the taxpayer, to confirm compliance with applicable tax laws, to obtain information pertinent to subsequent audit activity, and to collect past due tax debts as considered necessary. The visit without prior notice cannot be carried out in cases where the taxpayer has been selected for audit.

3. The information referred to in paragraphs 1 and 2 of this Article shall be accessible whether it belongs to the taxpayer, a person who had financial dealings with the taxpayer, an employer, employee, self-employed person, or any other person who has information that may lead to verification of the taxpayer’s liability.

4. According to this Article, the Tax Administration of Kosovo has the right to:

4.1. make a report or copy from any book, record, computer or similar record storage device of information to which access is obtained;

4.2. take possession of every book and register, which, according to the TAK, constitutes material evidence in determining the person’s liability according to the tax legislation in force in the Republic of Kosovo;

4.3. retain any such book or record for as long as it may be required for determining a person’s liability or for any proceeding under this law;

4.4. require the provision of any password protecting information on the information technology record storage device;
4.5. take possession and keep the information technology device, where the hard copy or the information technology device for keeping records has not been provided, for as long as it is necessary to copy the requested information; and

4.6. carry out verifications on the assets and liabilities of a person where such verifications according to the TAK constitute material evidence in determining the liabilities of a person according to the tax legislation in force in the Republic of Kosovo;

5. The authorizations under this Article shall be exercised only during TAK's ordinary business hours, unless the TAK determines that collection of tax is in jeopardy and that such powers must be operated outside those ordinary business hours in order to protect the collection of tax.

6. A tax official who exercises a power under this Article, shall not have the right to enter or stay in any facility, if after the request of the taxpayer, the tax official does not present their powers. Powers under this Article is considered an official TAK card or any other form determined by the TAK.

7. The tax official who receives and keeps the records under this Article, shall makes a copy of the record and shall return the original to the taxpayer as soon as possible.

8. If a taxpayer does not submit the requested information within the timeframes established under paragraph 1 of Article 9 of this Law, he/she may do so up to the date on which the final assessment report is submitted, if he/she is able to demonstrate that the requested documents could not be timely submitted due to causes which are beyond his/her control.

9. Any document provided outside the timeframe foreseen in paragraph 8 of this Article, shall not be considered by the Appeals, Board and the competent court, in any subsequent appeal submitted by the taxpayer, if the document existed at the time of the dispute. This applies, if a specific written request has been sent to the taxpayer, which describes the requested information or documents and includes a warning to the taxpayer regarding the provisions of this paragraph.

10. Any audit conducted by TAK under the authority granted in this Article, shall be based on a case selection method that minimizes the potential for abuse of TAK powers. The audit is preceded by notification to the taxpayer of the pending audit, which will include the rights and obligations of the taxpayer in relation to an audit.

11. The Minister shall issue a by-law to describe the procedures which must be followed in initiating, conducting, and finalizing an audit.

Article 9
Collection of Information or Evidence

1. The Tax Administration of Kosovo may, by notice in writing, require a person whether that person is liable to pay tax or not, to:

   1.1. produce certain documents required by the notice within seven days (7) of the delivery of the notice, or such other period of time as may be agreed between TAK and the person from whom documents are requested. If documents are requested from a location outside Kosovo, the period for delivery of documents shall be extended accordingly for a period of thirty (30) calendar days, which may be extended based on the circumstances of the current case;

   1.2. attend at the time and place designated in the notice, which must be at least forty-eight (48) hours after the delivery of the notice, TAK's interview for this purpose, concerning the tax liability of that person or any other person, or any book, record, information stored in information technology devices in the control of that person.

2. Where the notice requires the production of documents or other records, such documents or
records must be precisely described.

3. Any person who fails to appear at the time and place specified, or to provide information, in response to the requests for information described in paragraph 1 of this Article, shall be issued the fine defined under Article 101 of this Law.

4. The fine provided for in paragraph 3 of this Article is not imposed in the event that the person did not appear at the specified time to be interviewed, due to some unavoidable obstacle, which must be justified. In these cases, the TAK shall determine another time and in the event that the person does not appear on time again, the fine from paragraph 3 of this Article is imposed, provided that there has not been an unavoidable obstacle that must be justified.

5. For the purpose of supervising facts that are relevant to taxes, financial institutions must submit to the TAK information on all domestic and international transactions transactions in local and foreign currency in the accounts of legal entities, business and non-business natural persons, including savings deposits.

6. For the purpose of supervising the facts that are relevant to taxes, Notaries must submit to the TAK information on all sales contracts from legal entities, business natural persons and non-business natural persons.

7. The information according to paragraphs 5 and 6 of this Article will be submitted by banks and Notaries through available information technology, on a monthly, quarterly basis or upon request.

8. At the special request of the TAK, financial institutions are obliged to provide data referred to in paragraph 5 of this Article within other deadlines, except those provided for in paragraph 7 of this Article, including data on transactions in all accounts.

9. Bank information from licensed financial institutions can be requested individually, in groups or in any other way determined by any applicable law in the Republic of Kosovo.

10. This Article does not apply to information classified according to the legislation in force for the classification of documents and information.

11. Paragraph 10 of this Article or any other provision related to banking confidentiality, shall not apply to banks and other financial institutions, which are required to notify the TAK.

12. The Kosovo Tax Administration has the right to use information in the form of current photos or videos made from the taxpayer’s publications, for tax purposes.

13. The minister shall issue a by-law on the implementation of this Article.

Article 10
Exchange of Information for International Purposes

1. At the request of TAK, any person must provide any information, including but not limited to information held by banks and other financial institutions, which may be required for the purposes of an international convention on tax matters, including Double taxation agreements (DTAs), Tax Information Exchange Agreements (TIEAs) or for the purpose of an international agreement that provides administrative assistance in tax matters (hereinafter: International Agreement).

2. Without limiting the obligation under paragraph 1 of this Article, the same rules shall apply for relevant information for local tax purposes, unless otherwise provided in the International Agreement under which the information is required.

3. The minister shall issue a by-law on the implementation of this Article.
Article 11
Negotiations for International Agreements

1. Negotiations for International Double Taxation Agreements and other tax-related issues and their signing at the technical level, are performed by the Ministry responsible for Finance (hereinafter: the Ministry) in cooperation with the TAK in accordance with the provisions of the Law on International Agreements.

2. The implementation of the provisions of bilateral and multilateral agreements or conventions in the field of taxes, is performed by the TAK.

Article 12
Obligations of legal representatives and asset managers

1. The responsible authorized representatives of natural, legal persons and partnerships and the managers or directors of unincorporated associations or organizations have to fulfill the tax obligation for the persons, partnerships and associations or organizations they represent or manage. To the extent that unincorporated associations or organizations do not have a manager or director, their members or partners have to fulfill the obligation under this paragraph. They must ensure that taxes are declared on time, correctly, and paid.

2. The obligation defined in paragraph 1 of this Article shall also apply to any person who has dominion and/or operational control over a business or an asset and actually uses the powers of responsible representatives.

3. Termination of the authority to represent or to manage and the termination of dominion and/or operational control as defined in paragraph 2 of this Article, shall not affect the obligations pursuant to paragraphs 1 and 2 of this Article, for periods in which the authority to represent or to manage was valid or dominion and control were exercised.

4. The obligations of legal representatives and asset managers set by this Article do not relieve natural persons, partners of partnerships, or members of associations from their obligation to accurately and timely file and pay their correct amount of tax.

5. Tax Advisor is a person with advanced training and knowledge of tax legislation and they help the taxpayer during the tax procedures so that the tax declarations are in accordance with the tax legislation and benefit from the deductions and refunds determined by the legislation in force.

6. The Tax Administration of Kosovo licenses Tax Advisors after the successful completion of training and testing.

7. The Minister issues a sub-legal act on the criteria, rules and procedures for the implementation of paragraphs 5 and 6 of this Article.

CHAPTER IV
TAX DECLARATION AND ASSESSMENT

Article 13
Tax Declarations

1. Every person who is subject to any type of tax according to the legislation in force in the Republic of Kosovo, shall submit to the TAK or to banks or financial institutions licensed by the Central Bank of the Republic of Kosovo (hereinafter: the CBK), a declaration completed according to the requirements of this Law.
2. When a person is obliged to submit a tax declaration, but has not done so, the TAK shall have the authority to require that such person submit a tax declaration. Where such a requirement is not met, the TAK may exercise the authority provided in Article 15 of this law.

3. The tax declaration shall be submitted in the form prepared by the TAK, accompanied by the relevant instructions.

4. The tax declaration shall include the identification number of the taxpayer, such as: the unique identification number or the fiscal number, the calculation of the tax liability and all other information according to the legislation in force.

5. The tax declaration shall be signed by the taxpayer or taxpayer representative under the penalty of criminal liability for providing false information therein. If the tax declaration is prepared by a tax advisor, the same shall sign the declaration and provide their identification number as a taxpayer. The tax declaration which is submitted electronically is considered signed. The TAK shall not accept:

   5.1. any crediting of deductible VAT, which is not supported by true and correct invoices; and

   5.2. any purchase expenses related to goods and/or services that are not invoiced or documented as true and correct for income tax purposes.

6. The date for submitting a tax declaration shall be prescribed in the legislation imposing the tax.

7. If the filing date prescribed in legislation is not a business day in the Republic of Kosovo, the filing date shall be the first business day thereafter.

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**Article 14**

**Self-assessment**

1. Where a person submits a tax declaration required under the legislation in force, the tax stated as due, if any, on the tax form shall be treated as the taxpayer’s self-assessment of tax payable and properly due.

2. The taxpayer may submit an amendment to the tax declaration within three (3) years after the mandatory date when the declaration was submitted, if they later discover an error in the tax declaration they previously submitted.

3. Where a taxpayer realizes before the period for an assessment has elapsed that a return submitted by him or her or for him or her is incorrect or incomplete and that this can lead or has already led to an understatement of tax or overstatement of tax refunds and credits, he or she shall be obliged to indicate this without undue delay and to effect the necessary corrections.

4. The obligation defined in paragraph 3 of this Article is also valid on the future holder of the taxpayer or the taxpayer based on Article 12 of this Law. The notification obligation shall apply where the conditions for tax exemption, tax reduction or other tax privileges cease to exist, whether in full or in part.

5. The amended tax declaration must be accompanied by any additional tax due or, if applicable, a request for credit against another liability (current or future), or a refund of the excess tax paid. The change in the statement must be documented through records.

6. Pursuant to paragraph 2 of this Article, the amendment of the VAT tax declaration for any earlier tax period than the period assessed by the TAK, is only allowed with TAK approval.

7. Except as provided in paragraphs 1 and 2 of Article 110 of this law, for the purposes of determining sanctions under this law, no amended tax declarations for a tax period will have any effect after the
TAK has exercised any power under Article 8 and/or 9 of this law, in relation to that tax period, and has commenced a tax investigation with respect to that tax period.

8. In cases where the employer is not required to withhold tax, pension contribution or any other contribution, the employee shall submit a declaration and pay the liability at the end of the year or in the monthly period when they receive the funds.

**Article 15**

**TAK's Tax Assessment**

1. Where the TAK believes that the information provided by a person on a tax declaration does not correctly disclose their tax liability, or where a taxpayer has not submitted a declaration required by this law, the TAK may make an assessment of their tax liability, including, but not limited to, assessments resulting from use of fictitious documents or transactions.

2. Except for cases involving criminal tax offenses or where the amount of tax due can be determined with reasonable certainty, assessments under paragraph 1 of this Article shall be made following the initiation of audit procedures as set in Article 8 of this law, if such procedures are required. The limitation imposed by this paragraph shall not apply to the provisions of Article 17 of this law.

3. TAK's assessment shall be made to their best judgment and shall be based on all the evidence available to them, including:

   3.1. books, records, receipts, invoices, and other relevant information of the taxpayer;
   
   3.2. books, records, receipts, invoices, and other relevant information of third persons;
   
   3.3. information from persons who can verify the accuracy of the taxpayer's declarations, books and records;
   
   3.4. other objective information about a taxpayer's income and/or transactions relevant to its liability;
   
   3.5. information obtained during visits to taxpayers as provided in paragraph 1 of Article 8 of this law;
   
   3.6. implementation of this Law and/or applicable tax laws.

4. If the books and records of the taxpayer have been lost or destroyed, or there are other circumstances that make it impossible to determine the tax liability, the TAK shall make an estimate, which is based on assets, circulating income, production expenses, comparative expenses, as well as other direct and indirect methods related to the calculation of tax liability. Indirect methods can also be used in cases where the declarations have not been submitted, as well as in cases where there is doubt that there is no accuracy of the declared tax liability.

5. If the records of a self-employed person are lost or destroyed or other circumstances exist that make a determination of the amount of required pension contribution impossible under the legislation in force, the TAK may make an assessment of pension contributions and other contributions equal to the level of contributions due for the previous monthly or quarterly period.

6. An assessment for withholding taxes shall be made in the same manner and subject to the same provisions and limitations that are applicable to taxes that are not withheld at the source.

7. The taxpayer has the burden of proof to prove that any assessment made by TAK is incorrect.

8. Where the TAK data contain sufficient information on an unfiled liability for a tax period, the TAK
may make an immediate assessment based on this data. Where an individual declares an amount of income that is insufficient to support his or her expenses incurred for personal consumption, the TAK may recalculate the income of the individual on the basis of expenses incurred by the individual, taking into account income of previous periods.

9. For determination of taxable income, the taxpayer is allowed a reduction from gross income for costs paid in or outside the country, if these costs in full or in part are in connection with their economic activity performed during that tax period and if those costs are documented as incurred expenses.

10. From paragraph 9 of this Article are excluded the expenses related to withholding tax, which are conditional on payment.

11. Where a taxpayer has been de-registered (voluntarily or otherwise), registration has been refused by TAK because the taxpayer was unable to be located, or the taxpayer’s registration has been canceled in accordance with the provisions of Article 19 of this law, such de-registration, registration refusal, or registration cancellation shall be published on TAK’s official website. Any expenses applicable to income tax, or VAT input credits, attributable to transactions using the unique ID number or fiscal number of those businesses that have been de-registered, registration has been refused, or registration has been canceled, will not be recognized by the TAK and tax declarations will be adjusted accordingly upon audit or discovery by the TAK.

12. Notwithstanding paragraph 11 of this Article, when the TAK assesses that the transaction is fictitious, for tax purposes it will not be recognized as an expenditure from income and/or credit for VAT.

13. For determination of tax, in case of damage, destruction or burning of goods to be accepted as economic activity costs, the taxpayer is required to document the lack of goods with persuasive documents issued by competent bodies. If the taxpayer does not document lack of goods following an appropriate request by the TAK, then such goods shall be considered as goods sold.

14. The Tax Administration of Kosovo shall not re-audit a tax period involving the same tax type that has previously been audited for which a notice of assessment has been issued by the TAK, where such re-audit will result in an unfavorable result to the taxpayer, except in the following circumstances:

14.1. new facts are discovered by the TAK that were not known, and could not have been known, at the time of audit and failure to re-open the case would be an administrative violation;

14.2. there is evidence of fraud, malfeasance, collusion, concealment, or misrepresentation of material fact; and

14.3. the closed case involved a clearly-defined, substantial error based on an established TAK position which existed at the time of the audit.

15. Any reopening of a closed audit is authorized by the TAK General Director (hereinafter: the Director), based on documented evidence supporting the basis for reopening.

16. In the case of a re-audit according to the decision of the Appeals, Board or Court, the re-audit cannot be performed by the tax official and the direct supervisor who participated in the first assessment.

17. In cases where TAK, based on the information from the risk analysis, makes inspections and observations of the taxpayer and finds that the taxpayer has under-declared the daily turnover, the difference of the daily turnover will be calculated for the working days of that period and will be considered as undeclared monthly turnover, on the basis of which the fine defined in Article 100, paragraph 3., will be applied.
18. The minister shall issue a by-law on the implementation of this Article.

**Article 16**

**Time limits for assessment**

1. The Tax Administration of Kosovo may make an assessment at any time where:

   1.1. a person has failed to deliver a tax declaration;

   1.2. a person has delivered a tax form with the intent of evading tax; and

   1.3. fraudulent behavior of a third person has led to an understatement of tax or overstatement of credits.

2. Subject to paragraph 1 of this Article, all taxes must be assessed within six (6) years of the date the tax declaration to which the assessment relates was due, or the date the declaration was submitted, whichever is later.

**Article 17**

**Jeopardy Assessments**

1. The Tax Administration of Kosovo may make a jeopardy assessment of tax or penalty where they consider that the collection of tax or penalty that will become due is in jeopardy because a person is about to evade taxation by fleeing the Republic of Kosovo, transferring assets, ceasing business or taking other actions that will jeopardize collection of the tax unless a jeopardy assessment is made.

2. A jeopardy assessment can also be done in case of confiscation of undocumented goods, according to the provisions of this Law.

3. It is legally assumed that collection of tax that will become due is in jeopardy, if there is a reasonable suspicion that the tax was, or will be, evaded and if the circumstances of the evasion indicate that the tax liability will not be settled.

4. Except from other provisions of this Law, the decision on jeopardy assessment is appealed directly to the Board, and the appeal shall not postpone the execution of the decision on assessment and debt collection.

**Article 18**

**Assessment Notice**

1. If the TAK makes an assessment of tax, or the self-assessment by the taxpayer is not accompanied by the full amount of tax due, the TAK shall issue an Assessment Notice to the person liable for the tax.

2. The assessment notice shall contain the following information:

   2.1. the name of the taxpayer;

   2.2. the identification number of the taxpayer or the fiscal number of the taxpayer;

   2.3. the date of the notice;

   2.4. the type of tax/contribution and tax period or periods to which the notice relates;

   2.5. the amount of assessed tax, penalties, fine, and interest;
2.6. a brief explanation of the assessment;
2.7. a demand for payment of the amount due;
2.8. the place and manner of payment of the amount due;
2.9. the appeal procedures; and
2.10. other necessary information.

3. The taxpayer shall, within ten (10) days after the notice is delivered, pay the amount due at the place stated in the notice. Amounts to be paid include: tax, penalties, fines and interest up to the date of payment.

4. In the event of a jeopardy assessment under Article 17 of this law, the TAK shall demand immediate payment of tax and take enforced collection immediately to secure the payment of taxes due.

**Article 19**

Cancellation of Tax Documents

1. The Tax Administration of Kosovo can cancel any tax document issued by the TAK if any violation of tax legislation is determined.

2. The Tax Administration of Kosovo shall publish a notice on its website or on the media, when a taxpayer certificate has been withdrawn so that other businesses can become aware of the withdrawal, as this would impact on their ability to engage in legal transactions with that business.

3. Every time when the TAK, during the documentation verification, identifies any fictitious transaction/invoice, regardless of whether the business that concluded the transaction/issued the invoice is published on TAK’s website or not, that transaction/invoice will not be accepted for the purposes of recognizing expenses in the Income Tax Declaration, it will not be accepted for the purposes of recognizing the deductible VAT, while against both businesses, the one that issued the invoice for the fictitious transaction and the one that received the invoice for the fictitious transaction, the TAK will undertake the measures defined by the Legislation in force.

4. In cases where the TAK prohibits the exercise of the taxpayer’s economic activity due to violations of legal provisions, it shall notify the KBRA with the aim of canceling the business registration certificate.

5. The Minister shall issue a by-law on determining the conditions and manner of canceling tax documents and issuing public documents.

**Article 20**

Liability in cases of Criminal Tax Offense

Whoever commits a criminal offense in the field of taxation, the tax liability arising from the final judgment for the criminal offense in the field of taxation, shall include interest, in accordance with the provisions of this Law.

**Article 21**

Liability of responsible persons

1. The persons defined in paragraphs 1 and 2 of Article 12 of this Law are responsible for tax liabilities that have not been assessed or paid, or have not been assessed or paid on time.

2. Paragraph 1 of this Article shall also apply in cases where credits and tax refunds were paid
without a legal basis.

3. The liability according to paragraph 1 and 2 of this Article shall include interest in accordance with the provisions of this Law.

**Article 22**

**Assessment of a third person’s liability**

1. The Tax Administration of Kosovo may make an assessment of a third person’s liability under Articles 20 and 21 of this Law, as well as against responsible persons described in paragraphs 4 and 5 of this Article. In the case of the implementation of this assessment, Articles 15, 16, 17 and 18 of this Law are applied accordingly.

2. The Tax Administration of Kosovo has the burden of proof for a fair assessment and for the justification of the liabilities of the third party.

3. The payment of the amount of a third person’s liability may only be required where the enforcement against the taxpayer’s movable or immovable property was not successful or where it can be assessed that enforcement against the taxpayer’s movable or immovable property would not lead to a settlement of the tax liability. This restriction shall not apply where the liability is based on a person’s commission of a criminal tax offense, or where the person’s liability to tax results from the taxpayer’s failure to collect, withhold or pay over such taxes as provided in paragraph’s 4 and 5 of this Article.

4. When a legal entity or organization, except the individual business enterprise, has not withheld, collected or paid the tax withheld or the tax collected, then each responsible person is personally liable from their assets for the amount of non-withheld, non-collected or non-paid tax.

5. When a legal entity or organization, except for an individual business enterprise, has not withheld, collected or paid a pension contribution or other mandatory contribution, then each responsible person is personally liable from their assets for the amount of the non-withheld, non-collected or non-paid contribution to the respective funds.

6. The amount of the liability provided in paragraphs 4 and 5 of this Article is limited to the amount of tax not collected, withheld, or paid over. If, after assessing this liability against responsible persons, the legal entity, or organization other than a personal business enterprise, pays the tax that was due to be collected, withheld, or paid over, the amount assessed against the responsible persons shall be abated and any liens filed shall be released.

7. The liability provided in paragraphs 4 and 5 of this Article may be assessed against one or more persons who are responsible for the failure of the legal entity or other organization to withhold, collect or pay over a withholding or collected tax. The total amount of tax not withheld, collected or paid over can be collected only one time. Once the full tax amount has been paid, any remaining tax amounts due from responsible persons shall be abated and any liens filed shall be released.

8. The minister shall issue a by-law on the implementation of this Article.

**CHAPTER V**

**TAX PAYMENT**

**Article 23**

**Payments**

1. Any tax that is due and payable to TAK, is a debt due to TAK.
2. Any person required to pay any tax to the TAK under the legislation in force shall, without notice or demand from the TAK, pay such tax at the time and place specified in the tax legislation in force.

3. Any person who is responsible from the taxpayer to withhold and pay any taxes on behalf of that taxpayer according to the tax legislation in force, shall pay them at the time and place specified in the tax legislation in force, without notice or request from TAK.

4. Each employer who has the duty to pay pension contributions or other contributions determined by the legislation in force on behalf of their employees and to withhold such contributions from their employees in accordance with the legislation in force, shall pay those contributions within the term defined in the legislation in force.

5. Self-employed persons who are liable to pay pension contributions or other contributions determined by the legislation in force, shall pay those contributions within the term defined in the legislation in force.

6. All taxes are paid in banks or other financial institutions licensed by the CBK.

7. The Tax Administration of Kosovo has the right to use temporary accounts for the receipt and distribution of payments.

8. Unless designated to do so in writing by the Director, tax officials are prohibited from receiving any payment in respect of any tax.

**Article 24**

**Interest**

1. The taxpayer shall pay interest on any tax administered by the TAK according to the legislation in force, which has not been paid by the last date set for payment.

2. The interest is calculated on a monthly basis, for each month or part of the month from the date when the tax became due until the date when the tax is paid, but no more than ten (10) years from the date when the tax became due.

3. The Minister shall determine the interest rate at least once a year, which must be higher than the interest rate of commercial lending by banks in the Republic of Kosovo. The interest rate shall be published by the TAK.

4. Any interest due and payable may be collected in the same manner and with the same measures of enforcement as the tax on which it is based.

5. Notwithstanding paragraph 1 of this Article when taxpayers enter into an agreement with the TAK for payment of tax by installments, interest shall not accrue from the month following the month in which the agreement is concluded until it is fully satisfied.

6. If the taxpayer does not comply with the installment payment agreement, the interest is reinstated. If a taxpayer requests a subsequent agreement for the same liability, the provisions of paragraph 5 of this Article shall not apply.

7. Other criteria, procedures and the length of agreements under paragraph 5 of this Article, shall be regulated by a by-law issued by the Minister.

**Article 25**

**Order of Payments**

1. The amount of any tax paid pursuant to this law shall be distributed in the following order:
1.1. collection costs,
1.2. the amount of any tax due,
1.3. interest; and
1.4. penalties/fines.

2. The payment shall first fulfill the earliest liabilities and where necessary according to the order defined in paragraph 1 of this Article.

3. Pursuant to paragraph 2 of this Article, in cases where the earliest liability is for any type of tax and pension contribution or other contribution, for the same tax period, the payment shall first fulfill the tax liability, then the distribution of payments in pension contributions and other contributions will follow.

**Article 26**

**Credits and Refunds**

1. Any amount of any tax paid in excess of the amount due shall be applied to the taxpayer’s current liability for any other tax or contribution due. The TAK shall deliver to the taxpayer a notice in writing when such excess payment has been applied to another liability, advising the taxpayer of the amount of credit applied, tax and tax period.

2. Where the taxpayer has no other outstanding tax debts owing to TAK, or where there remains an amount of tax overpaid after applying the excess provided for in paragraph 1 of this Article, the taxpayer may claim a refund from the TAK for the amount remaining overpaid.

3. The claim for credit and refund of any overpayment of any type of tax may be filed within three (3) years from the date such tax was paid or when the right to deduction arose.

4. The Tax Administration of Kosovo shall review the claim for refund within thirty (30) calendar days from the day it received the claim from the taxpayer, by ensuring that details of the amount to be refunded are timely forwarded to the Ministry or, in case of contributions, to the KPSF or other relevant funds.

5. In case when a taxpayer is entitled to a refund under paragraph 2 of this Article and that refund has not been applied within the time provided in paragraph 4 of this Article, the TAK shall pay to the taxpayer, in addition to the amount determined by the TAK to be refunded, interest at a rate prescribed by the Minister. When the TAK determines that a refund should not be issued, or it should be withheld for administrative reasons in accordance with the legislation in force, interest will not be due on the amount not issued or withheld.

6. Interest under paragraph 5 of this Article shall begin to accrue on the 31st day following the receipt of the claim for refund. This interest is calculated on a monthly basis, for each month or part of the month, until the refund is paid.

7. Regardless paragraph 1 of this Article, in cases where the taxpayer has a credit balance for more than three consecutive months and has tax debt for more than five thousand euros (€5,000), TAK notifies the taxpayer that it will initiate a VAT creed assessment and if the creditation is determined to be valid, an amount of credit up to the amount of the tax liability will be applied to the tax liability and the remaining will be refunded.

8. The minister shall issue a by-law on the implementation of this Article.
Article 27  
Payments through banks or financial institutions licensed by the Central Bank of the Republic of Kosovo

1. With the approval of the Treasury of the Republic of Kosovo, the TAK may enter into agreements with the CBK and other banks or financial institutions licensed by the CBK, for them to accept tax declarations and tax payments.

2. Under such agreements, the banks, or other financial institutions, shall be obliged to:
   - 2.1. send tax payments to the CBK within a specified period of time;
   - 2.2. send tax declarations and other documents to TAK within a specified period of time;
   - 2.3. group documents with a summary showing the number for each group; and
   - 2.4. balance the daily collections with a balance control document.

Article 28  
Tax Due and Payable

1. Tax that has not been paid when it is due and payable, may be sued for and recovered in a court of competent jurisdiction by the TAK, where required by circumstances of the case.

2. In any proceedings under this Article, production of a certificate signed by the Director giving the name and address of the defendant and the amount of tax, and sanctions and interest, if any, due shall be sufficient evidence of that amount of tax, sanctions and interest for the court to give judgment for that amount.

CHAPTER VI  
ENFORCED COLLECTION

Article 29  
Liens

1. In case a person who is liable to pay any tax to the TAK according to the legislation in force, does not pay that tax within ten (10) calendar days after the submission of the notice-assessment, a tax lien arises on the property or on the property right that belongs to that person, whether movable or immovable, tangible or intangible. The TAK has the right to place a tax lien on the person’s entire estate to secure the unpaid tax liability, which includes unpaid tax, penalties/fines, interest and collection costs.

2. The lien defined in paragraph 1 of this Article is imposed at the end of the working schedule on the last day provided for in paragraph 1 of this Article, when the tax is estimated to have not been paid, and is also related to the debt created during the existence of lien and continues to remain in force until the obligation is settled or becomes non-collectible.

3. The lien set in paragraph 1 of this Article must be registered with the relevant office with respect to immovable property and any other office responsible for registering property, or security interests in property in the Republic of Kosovo, in order for the lien to have priority against all subsequently recorded liens or security interests with respect to such property. For purposes of this law, the act of recording a lien shall not be considered to be an action to enforce collection of tax.

4. A person may appeal to the TAK about the imposition of the lien, claiming that the lien has been wrongly imposed. If the TAK determines that the imposition of the lien was done incorrectly, it shall
5. The Tax Administration of Kosovo has the right to file a lawsuit with the competent court to realize the lien imposed according to this Article.

6. In the event of payment of the debt to the TAK, the lien shall be released.

7. The lien set in paragraph 1 of this Article, also attaches to all property belonging to a third party, who is deemed to be the beneficial owner of a business which has incurred a tax liability, even though the business has been registered in another name and the tax liability has been incurred in that other name. In such circumstances, the lien will include language to show that it not only attaches to the property of the taxpayer in whose name the business is registered, but it also attaches to the property of a beneficial owner of the business in which the tax debt has been incurred.

8. The lien set in paragraph 1 of this Article also attaches to any property of the taxpayer which is held by a third person who is determined to be holding the property as a nominee of the taxpayer. In such circumstances, the lien shall include language to show that it attaches to the property of the taxpayer and the specific property held by another person as a nominee of the taxpayer.

9. Any lien under paragraphs 7 and 8 of this Article so recorded, shall be enforceable in the same manner as any other lien provided in paragraph 1 of this Article. A by-law shall establish the procedure that shall be applied and the basic criteria to determine the persons mentioned in paragraphs 7 and 8 of this Article.

10. Tax Administration of Kosovo may issue a certificate of discharge of any part of the property subject to the tax lien if:

10.1. it is paid over to the Tax Administration in partial satisfaction of the liability secured by the lien an amount determined by the TAK, which shall not be less than the value, as determined by TAK.

10.2. such a part of the property is sold and, pursuant to an agreement with the TAK. The proceeds of such sale are to be held, as a fund subject to the liens and claims of the TAK, in the same manner and with the same priority as such liens and claims had with respect to the discharged property. For the purposes of this Article, the liquidation fund of the Privatization Agency of Kosovo (hereinafter: PAK) is deemed to be a fund as that term is used in this sub-paragraph; or

10.3. Any reasonable and necessary expenses incurred in connection with the sale of the property under sub-paragraph 10.2 of this paragraph and the administration of the sale proceeds shall be paid by the applicant or from the proceeds of the sale before satisfaction of any lien or claim of the TAK. In addition, any due payments to be made from the liquidation fund of the Kosovo Privatization Agency, which by law supersede claims of secured creditors, shall be paid from the proceeds of the sale prior to the satisfaction of any lien or claim of the TAK.

11. With respect to tax debts of Socially-Owned Enterprises (hereafter: SOEs):

11.1. it is specifically provided that, with respect to tax debts owed by SOEs which are under PAK administration, the TAK shall record liens with respect to those tax debts as prescribed in paragraph 3 of this Article.

11.2. The Tax Administration of Kosovo will take no enforcement action, other than service of a Notice of Levy on third persons, with respect to the tax debts of the SOE, nor will it take action to otherwise enforce the liens recorded, notwithstanding other provisions of this law. TAK shall have the right to assert its secured claim for the tax debt against the proceeds
received by the PAK following the sale of the SOE assets by PAK. In cases in which TAK has recorded a lien which inhibits the sale of SOE property, TAK shall utilize the procedures provided in paragraph 10 of this Article to discharge the property from the lien in order to assert its secured claim against the proceeds received by the PAK following the sale of the SOE assets by PAK. The lien shall attach to the proceeds of the sale with the same priority as the property itself, subject to the rules established in the legislation in force for privatization; and

11.3. The Tax Administration of Kosovo shall seize any assets of the SOE which have not been sold by the PAK and which are not in the liquidation process.

12. The lien described in paragraph 1 of this Article expires ten (10) years from the date of the assessment and the tax obligation shall no longer be collectable after that date, except in the following circumstances:

12.1. the taxpayer shall file a complaint on the tax assessment, in which case the ten (10) year period is extended for the period of time from the date when the case is received in the Complaint to TAK until the Complaint issues its final decision or the period allowed for the review of the Complaint has expired, plus an additional six (6) months;

12.2. the tax debt or assessment is placed under the jurisdiction of the competent court or other competent organ for any reason, in which case the ten (10) year period is extended for the period from the date when the case is accepted in court (or other competent organ) until the court decision is taken, plus an additional six (6) months;

12.3. the taxpayer is a Social Enterprise (NSH) subject to privatization by the KPA, in which case the ten (10) year period is postponed limitless and the burden does not expire until six (6) months after the final account for distribution of the funds resulting from privatization has been approved by the competent organ;

12.4. the taxpayer is a public enterprise, in which case the ten (10) year period is postponed limitless and the burden does not expire until the obligations of the PBU have been fully repaid;

12.5. if the taxpayer is outside the Republic of Kosovo for a period of longer than three (3) months, in which case the ten (10) year period is extended so long as the taxpayer is outside the Republic of Kosovo and for another six (6) months after his or her return to the Republic of Kosovo;

12.6. the taxpayer is a central or municipal government budgetary organization in which the ten (10) year period is extended indefinitely and the burden does not expire until the obligations of the budgetary organization are paid;

12.7. the taxpayer and TAK agree to extend the period of time for the meeting by written agreement, the duration of which varies depending on the circumstances of the taxpayer, but generally should not exceed another twenty-four (24) months; or

12.8. the date of evaluation for the calculation of the ten (10) year period of collection shall be the date of the evaluation notice issued under Article 18 of this Law.

13. The Tax Administration of Kosovo has the right that after the tenth year from the imposition of the lien according to paragraph 2 of this Article, to reassess the property with tax lien, and the property which is estimated to cover the unpaid liability and which has been confiscated based on enforced collection procedures, becomes state property.

14. Tax Administration of Kosovo may engage Economic Operators for the management of
confiscated property.

**Article 30**

**Levies**

1. If a person who is liable to pay any tax neglects or refuses to pay within ten (10) days after delivery of an assessment notice, the TAK shall collect such amount, and such further amount as shall be sufficient to cover the expenses of the levy, by seizure on property belonging to such person owned by the taxpayer or a third person.

2. In order to execute the asset confiscation measure, the authorized tax official shall deliver the confiscation notification to the person, the person's employer, banks, other financial institutions and/or public authorities that have control on or possess property belonging to the taxpayer, as well as any person that has any liability to the taxpayer, at the time the levy is imposed.

3. The levy is considered to be a continuous measure, which is accompanied by a copy of the tax lien. Such a measure is valid from the date it was imposed for the first time until the date on which the entire tax liability is paid or the asset seizure measure is released.

4. In case the property consists of salary, the authorized tax official shall submit the confiscation notice to the official or employer who has the duty to pay the salary.

5. The seizure notice shall display:
   
   5.1. the data of the taxpayer whose property is being seized;
   
   5.2. the location of the property;
   
   5.3. the type of liability;
   
   5.4. the tax period for which the liability arose;
   
   5.5. the amount of tax assessed;
   
   5.6. as well as other information relevant to the notification.

6. Subject to paragraphs 2, 3 and 4 of Article 117 of this law, any property subject to a notice of seizure can be seized by an authorized officer or the rights to which that property can be used by any person can thereafter be restricted (such that that person may use the property under the supervision of TAK, but cannot dispose of the property), provided that in either case such property cannot (except where the property is perishable) be sold or disposed of within thirty (30) days of the notice of seizure.

7. If the authorized tax official determines that the collection of the tax is at risk, they can make the notification and request immediate payment of the tax. In case of failure to pay over, the tax collection based on the levy comes into force without respecting the ten (10) day period mentioned in paragraph 1 and the time limits detailed in paragraphs 2, 3 and 4 of Article 117 of this Law.

8. Notwithstanding the provisions of paragraph 3 of this Article, a levy on salary or wages payable to or received by a taxpayer, shall be valid from the date such levy is first made until the liability out of which such levy arose is satisfied or becomes non-collectible.

9. Whenever any property on which the levy has been made is not sufficient to satisfy the tax liability for which the levy is made, an authorized officer may, thereafter, proceed to levy other property liable to levy until the amount due from such person, together with all collection expenses, is fully paid.
Article 31
Enforcement of Levy

1. Any person in possession of or obligated with respect to property subject to levy on which a levy has been made shall, on demand of an authorized officer, surrender such property to the TAK or discharge such obligation from such property, except such part of the property as is, at the time of such demand, subject to execution under any judicial process.

2. Any person who fails to surrender any property subject to levy on TAK demand, shall be personally liable in a sum equal to the value of the property not surrendered, but not exceeding the amount of tax for the collection of which levy has been made, together with interest, penalties/fines, and costs, as if it were an understatement of tax. Imposition of this penalty does not relieve the person on whom the levy was served of their obligation to surrender property subject to the levy that was served in accordance with paragraph 1 of this Article.

3. In addition to the personal liability imposed in paragraph 2 of this Article, if the failure or refusal to surrender is without reasonable cause, such person shall be liable for a sanction under paragraph 1 of Article 104 of this law.

Article 32
Sale at Public Auction

1. The Tax Administration of Kosovo may sell at public auction any property seized pursuant to this law.

2. The Minister shall issue a by-law to determine the procedures for the sale of property at public auction.

Article 33
Restrictions Related to Enforced Collection

1. Only that property necessary and sufficient to meet the taxpayer’s current tax liabilities may be subject to enforced collection action.

2. The types of taxpayer’s property, which are exempted from the levy and confiscations, are as follows:

   2.1. child support payments;
   2.2. payments from social schemes and state aid for exceptional cases;
   2.3. essential clothing;
   2.4. basic food;
   2.5. basic furniture;
   2.6. basic personal effects, excluding luxury items; and
   2.7. any other property specified by by-law.

3. Actions to collect tax debts must be taken within the statutory period provided by the law, during which the lien is valid as provided in Article 29 of this Law.

4. Notwithstanding all other provisions of this Law, the tax official has the right to ask a taxpayer or the authorized representative of the taxpayer to provide a written declaration of assets at the time
and place designated by the TAK. This statement shall include the following information:

4.1. all assets currently owned by the taxpayer, either directly or indirectly;

4.2. all assets in which the taxpayer has an ownership interest;

4.3. all assets disposed of by the taxpayer within the six (6) months prior to the statement date, including the person to whom the asset was transferred, the relationship to the taxpayer of the person to whom the asset was transferred, the date of the transfer, the compensation amount for which the asset was transferred;

4.4. description of all liabilities owed against the assets described in the statement and the time and place of record of any security interests in any of the assets; and

4.5. all sources of current income, including sources from employers, bank accounts, accounts receivable, and the like.

5. Notwithstanding any other provisions of this Law, the tax official has the right to require from any person believed to have information relevant to the collection of a tax debt, to provide a written statement related to the collection of such tax debt at a time and place designated by the TAK.

6. Any person who fails to appear at the time and place determined by the TAK, or to provide information in response to the requests for information described in paragraphs 4 and 5 of this Article, shall be issued the fine defined under paragraph 1., Article 101 of this Law.

Article 34
Recovery of tax from partners and members of unincorporated associations

The Tax Administration of Kosovo may recover from any of the partners of a general partnership any tax, together with penalties, interest, and expenses, due from the partnership, as provided in the legislation in force on Business Organizations.

Article 35
Jeopardy Orders

1. Where the TAK finds that payment of tax that will become due is at risk because a person is about to leave the Republic of Kosovo, to cease business or to transfer property, or is in jeopardy for other reasons, the TAK may notify any person:

   1.1. owing money to the person who will be liable to pay tax;

   1.2. holding money for the person who will be liable to pay tax;

   1.3. having the authority from some other person to pay money to the person who will be liable to pay tax; and/or

   1.4. to set aside the money until such time as the TAK issues a notice under paragraph 1 of this Article or the TAK withdraws the notice issued under this Article.

2. Any person who fails to act as required under paragraph 1 of this Article shall be liable to a sanction under paragraph 2 of Article 104 of this law.

Article 36
Embargo on Imports and Exports

1. In any case when a person who is liable to pay any tax, does not pay it within ten (10) days
after the delivery of the notice-assessment, or when TAK considers that the payment of the tax is in jeopardy under Article 35 of this Law, the TAK may ask the KC to impose an embargo on the passage of any import or export by that person.

2. Any request made to the KC according to paragraph 1 of this Article, shall remain valid until the TAK informs it about the completion of the request.

**Article 37**

**Decision for publication**

1. The Tax Administration of Kosovo may issue a decision on the publication of the list of taxpayers since TAK controls have resulted in tax evasion, in accordance with the legislation for the protection of personal data.

2. The Director of TAK issues a decision on determining the criteria for publication in accordance with the legislation on the protection of personal data.

**Article 38**

**Transfers of Assets**

1. The Tax Administration of Kosovo shall have the right to transfer an assessment of tax to another entity following a transfer of movable and immovable assets in the following circumstances:

   1.1. the taxpayer has transferred assets to another entity either in anticipation of incurring a tax debt or after having incurred a tax debt,

   1.2. the transfer of assets was for less than fair market value of the assets,

   1.3. the transfer of assets has left the taxpayer without the capability of paying tax debts; and/or

   1.4. The Tax Administration of Kosovo has notified the taxpayer and the other entity of the determination that the transfer of assets results in an assessment against the third party, with the right of appeal for the third party.

2. The amount of tax to be assessed against the other entity shall be the lesser of the tax due from the taxpayer, or the value of the property transferred.

3. A transfer made within three (3) months of incurring a tax debt, shall be considered as having been made in anticipation of incurring a tax debt.

4. If the transfer of movable or immovable assets has been made after a TAK lien has been recorded in the appropriate registry without satisfying the tax debt to which that lien applies, the tax lien will be considered to attach to the transferred property and the transferred property will be subject to the levy procedures under the provisions of this Law.

5. The procedures to be followed in establishing an assessment against another entity recipient of transferred assets, shall be determined by a by-law.

**Article 39**

**Non-collectible Tax Debts**

1. The Tax Administration of Kosovo may transfer a tax debt to a passive file to remove it from the active collection data base when it has determined through documented efforts that the tax is not collectible at the time of the determination. Such determination may be made in cases such as, but not limited to:
1.1. inability to locate the taxpayer or his/her assets;

1.2. business operations have ceased without leaving assets;

1.3. a taxpayer, as a deceased natural person, when there are no transfers of assets from which the tax can be collected;

1.4. a taxpayer who has been declared bankrupt under applicable law and all collection measures have been taken;

1.5. a taxpayer who is unable to pay the tax debt based on a complete analysis of the taxpayer’s financial situation; and

1.6. determinations of a similar nature.

2. Placement of the tax debt in a passive file does not relieve the tax debt or disturb TAK’s lien priority. If new collection sources become known, TAK shall return the tax debt to active collection status. In reporting outstanding tax debt amounts, TAK shall report only that amount of tax debt that is in an active collection status, retaining the ability to report the amount of passive debt.

3. Where a tax liability has become non-collectible as a result of the expiration of the collection statute as provided in Article 29 of this law, the TAK may clear those liabilities from its records, and cancel the tax debt, when the provisions of Article 29 and paragraph 3 of Article 33 of this law have been met, without further authorization. The TAK shall include in its annual report to the Minister and competent bodies the amount of debts canceled because of this provision.

4. Procedures for cancellation of uncollectable debts are determined by a sub-legal act by the Minister.

### Article 40

**Illicit revenues**

1. Income shall be subject to taxation in cases where the receipt of income is considered illegal under the relevant legislation in force in the Republic of Kosovo.

2. The provision of inducements to obtain or retain business, or other form of advantage, and thereto related costs, shall not be treated as allowable expenses, if the provision of the inducement or advantage constitutes an unlawful act covered by a provision of the criminal legislation of the Republic of Kosovo.

3. Each tax official shall inform the State Prosecutor’s Office through the Tax Investigations Unit in the shortest possible time about all findings about a suspected illegal action in accordance with paragraph 2 of this Article.

4. The Tax Administration of Kosovo shall request from State Prosecutor’s Office information about the evidence and the outcome of the criminal proceedings in cases of paragraph 2 of this Article.

5. Any official of any public authority who, during the exercise of their official duties, is informed of facts that make them suspect that a tax violation has been committed, shall report those facts to the TAK through the official channels of that public authority.

### Article 41

**Re-characterization of agreements**

1. In order to determine the tax liability according to the tax legislation in force in the Republic of Kosovo, the TAK may:
1. disregard a transaction that does not have substantial economic effect;

2. re-characterize a transaction where the form of the transaction does not reflect its economic substance; or,

3. re-characterize an element of a transaction that was entered into as part of a scheme to avoid tax liability.

2. The Tax Administration of Kosovo shall notify the taxpayer of any disregard or re-characterization under paragraph 1 or this Article.

3. The Minister issues a sub-legal act for the implementation of this Article.

**Article 42**

**Transactions between Related Persons**

1. In any transaction between related persons, the TAK may adjust or allocate income or deductions between such persons as is necessary to reflect the taxable income that would have resulted from the transaction if the persons had not been related.

2. In commercial or financial transactions between related persons, the TAK may adjust the sales price between such persons to reflect the open market value that would have been applied if the persons had not been related.

3. The Minister issues a sub-legal act for the implementation of this Article.

**Article 43**

**Barter Transactions and Third Party Information Reporting**

1. Barter transactions shall be considered as a sale of goods or the result of work or services at market values.

2. Tax invoices shall be issued for barter transactions in the same manner as they are issued for cash transactions. If the value of a barter transaction indicated in a tax invoice is a reduced value, the TAK may adjust the value of the transaction to reflect the open market value.

3. All persons who conduct an economic activity and other activities, must submit to the TAK, electronically, the book of purchases and the book of sales, as follows:

   3.1. Persons who are registered for VAT, shall submit their books every month;

   3.2. Other persons shall submit their books every three (3) months.

4. Any person who, according to this Article, is required to submit the books electronically and does not submit them, shall be fined according to Article 101, paragraph 1, of this Law.

5. Each employer must inform the TAK about the conclusion of an employment contract one day before the employee starts work. This information is provided in the form determined by the TAK.

6. The minister shall issue a by-law on the implementation of this Article.

**Article 44**

**Understatements of Income and Diverted Receipts**

1. Where an individual declares an amount of income that is insufficient to support his or her expenses incurred for personal consumption, TAK may recalculate the income of the individual on
the basis of expenses incurred by the individual, or any other indirect method appropriate to the circumstances, taking into account income of previous periods.

2. The Minister shall issue a by-law that defines the indirect assessment methods and their implementation.

CHAPTER VII
TAX LEGAL AND INSTITUTIONAL FRAMEWORK

SUB-CHAPTER I
ORGANIZATION AND FUNCTIONING OF THE TAX ADMINISTRATION OF KOSOVO

Article 45
Tax Legislation

1. The tax legislation on the scope of the TAK consists of:

   1.1. ratified international agreements;

   1.2. tax laws; and

   1.3. adopted by-laws, originating from tax laws.

Article 46
Tax Administration of Kosovo

1. The Tax Administration of Kosovo has the special status of an Executive Agency, which operates with full operational autonomy, within the Ministry, according to the legislation in force.

2. The Tax Administration of Kosovo shall be responsible for the administration of the tax system in the Republic of Kosovo and for applying the provisions of this law, the Law on Personal Income Tax, the Law on Corporate Income Tax, the Law on Value-Added Tax and any other legislation in force in the Republic of Kosovo that requires it to administer any type of taxation.

3. In meeting its responsibility under paragraph 2 of this Article, it shall be the duty of the TAK to collect over time revenue that is practicable within the law having regard to:

   3.1. the resources available to the TAK;

   3.2. the importance of promoting compliance, especially voluntary compliance, by all taxpayers with the tax legislation of the Republic of Kosovo; and

   3.3. the compliance costs incurred by taxpayers;

4. The Tax Administration of Kosovo has its coat of arms, seal and other symbols that determine the identity of the institution.

5. The form, content, design, color and use of the flag, coat of arms, seals, symbols, uniform, rank insignia and shoulder straps, are determined by a by-law by the Minister.

6. The form and content of the identity cards and the procedure for issuing them are made according to the procedures established by the TAK.
Article 47
Organization of the Tax Administration of Kosovo

The inner organization and systematization of job positions of the Tax Administration of Kosovo is done by a sub-legal act, which is approved in compliance with the applicable Law on Organization and Functioning of State Administration and Independent Agencies.

Article 48
Responsibilities and tasks of the Executive Director of the Tax Administration of Kosovo

1. The Director shall lead and represent the TAK and is specifically responsible for:

1.1. the implementation of the provisions of this Law;

1.2. the collection of all taxes levied under legislation applicable in the Republic of Kosovo that authorizes the TAK to administer such tax;

1.3. preparing advertisements, notices, and other communications to ensure that all persons understand their obligations and rights under this law;

1.4. ensuring uniform implementation of tax legislation in the Republic of Kosovo;

1.5. establishing an organizational structure within the TAK, appropriate for its functions;

1.6. appointing such persons as may be required to carry out the provisions of this law in conformity with the legislation in force on public officials;

1.7. proposing the TAK plan and annual performance report;

1.8. managing TAK’s human resources, in accordance with the legislation in force on public officials;

1.9. executing the TAK budget and approving payments according to the legislation in force for the management of public finances;

1.10. concluding contracts and agreements on behalf and on account of the TAK, in accordance with this Law and the legislation in force;

1.11. managing TAK property;

1.12. approving procedures and supervising their implementation in accordance with the legislation in force;

1.13. enforcing any other power or duty delegated by the Minister, which are in accordance with the legislation in force;

1.14. approving the TAK Code of Conduct;

1.15. issuing internal acts related to the regulation of the working relationship of TAK employees, after consultation with the Minister;

1.16. engaging experts as necessary, subject to confidentiality provisions of this law, to provide technical assistance in complex areas impacting tax administration for which the latter has no expertise;

1.17. issue a decision on the engagement of economic operators who will monitor taxpayers
for the implementation of tax legislation during the development of economic activities; and

1.18. other tasks.

Article 49
Delegation of powers

1. The Director may delegate to any tax official any power or duty conferred or imposed on the Director by this law other than this power of delegation.

2. The Director may delegate powers to KC officials, according to an agreement between the TAK Executive Director and the KC Executive Director.

3. The Director may revoke any power or duty delegated under paragraph 1 or 2 of this Article.

Article 50
Reporting of the Executive Director

1. The Director shall submit the Annual Performance Report and periodic reports on TAK activities and results to the Minister.

2. The Director shall prepare a report for the previous quarterly period on TAK activities, which he shall submit to the Minister and publish on TAK’s website. The report shall be submitted thirty (30) days after the end of the reporting period.

3. The quarterly report of the TAK shall include:

   3.1. details of the budget of TAK;
   3.2. details of the number and level of staff of TAK;
   3.3. details of the revenues collected by TAK showing details of the amount of revenue from each type of tax and each region and such other details as may be requested by the Minister;
   3.4. other information determined by a by-law issued by the Minister.

4. The director shall prepare the Annual Performance Report for the previous year on the activity of the TAK and shall submit it to the Minister by March 31 of the following year.

5. The Annual Performance Report of the TAK shall include:

   5.1. details of the budget of TAK;
   5.2. details of the number and level of staff of TAK;
   5.3. details of the revenues collected by TAK showing details of the amount of revenue from each type of tax and each region and such other details as may be requested by the Minister;
   5.4. estimates of the cost of collection for each type of tax revenue collected;
   5.5. details of all tax liabilities canceled under Article 39, including the names of the persons whose liability has been canceled and the amount canceled;
   5.6. details of all initiations of proceedings for criminal tax offenses, where the investigation was commenced by the TAK, including the name of each person who has been convicted, the sentence issued, and the amounts of tax involved;
5.7. information on the use of the powers authorized by Article 8 of this law, including the number and nature of any appeals about the use of those powers, but not including the names of the persons involved; and

5.8. other specified information requested by the Minister.

Article 51
Criteria for the selection and appointment of the Executive Director

1. The Tax Administration of Kosovo is led by the Director, who will be appointed by the Prime Minister of the Government of the Republic of Kosovo based on the recommendation submitted by the Minister. Such recommendation is made after the completion of the recruitment process by the Ministry.

2. The candidate for Director must have the following qualifications and meet the following criteria:

2.1. be a citizen of the Republic of Kosovo;
2.2. have a university degree in the field of economics, law or similar fields, issued by universities with accredited programs in the Republic of Kosovo or certified according to the legislation in force;
2.3. have eight (8) years of work experience, of which five (5) years of experience in a managerial position;
2.4. has not been convicted of a criminal offense by a final court decision;
2.5. has not been dismissed from work for serious disciplinary violations; and
2.6. has no conflict of interest according to the legislation in force in the Republic of Kosovo.

3. Each candidate for the position of Director is subject to security verification according to the relevant law in force.

4. The director is appointed for a term of four (4) years, with the possibility of extension for another term, by decision of the Prime Minister, based on the performance as recommended by the Minister, without conducting the recruitment procedures provided for in paragraph 1 of this Article.

5. At the end of the Director's term, if he or she was in the position of tax official before the appointment, he or she shall return to the previous position or to a position equivalent to it.

6. The recruitment and selection procedure and the deadline for the appointment of the Director, shall be determined by a by-law of the Minister.

Article 52
General Director's term completion

1. The mandate of the Director shall end upon:

1.1. loss of citizenship or legal capacity;
1.2. impossibility or inability to exercise the duty for longer than six (6) months;
1.3. termination of the conditions on which the appointment is based;
1.4. expiration of the term;
1.5. resignation, providing the Minister with thirty (30) days prior notice;

1.6. reaching retirement age;

1.7. conviction by final judgment for a criminal offense; and

1.8. death.

2. The director is dismissed from office by the Prime Minister, before the end of the term, upon recommendation of the Minister, for at least one of the following reasons:

2.1. due to serious disciplinary violations; and

2.2. due to documented poor performance.

3. In cases of dismissal, resignation or suspension of the Director, at the proposal of the Minister, the Prime Minister shall appoint an acting deputy, one of the Director’s subordinates, for a period no longer than six (6) months.

Article 53

Deputy General Directors of the Tax Administration of Kosovo

The Tax Administration of Kosovo has two (2) Deputy General Directors (hereinafter: Deputy Director) who support the Director, whose appointment and release is made with the consent of the Minister after the proposal by the Director.

Article 54

Criteria for the selection and appointment of the Deputy General Director

1. The candidate for Deputy Director must have the qualifications and meet the following criteria:

1.1. be a citizen of the Republic of Kosovo;

1.2. have a university degree in the field of economics, law or similar fields, issued by universities with accredited programs in the Republic of Kosovo or certified according to the legislation in force;

1.3. have eight (8) years of work experience, of which four (4) years of experience in a managerial position;

1.4. has not been convicted of a criminal offense by a final court decision;

1.5. has not been dismissed from work for serious disciplinary violations; and

1.6. has no conflict of interest according to the legislation in force in the Republic of Kosovo.

2. Each candidate for the position of Deputy Director is subject to security verification according to the relevant law in force.

3. The Deputy Director is appointed for a term of four (4) years, with the possibility of extension for another term, by decision of the Minister, based on the performance as recommended by the Director, without conducting the recruitment procedures provided for in paragraph 1 of this Article.

4. At the end of the Deputy Director’s term, if he or she was in the position of tax official before the appointment, he or she shall return to the previous position or to a position equivalent to it.
5. The recruitment, selection procedure and the deadline for the appointment of the Deputy Director, shall be determined by a by-law of the Minister.

**Article 55**
**Deputy General Director’s term completion**

1. The mandate of the Deputy Director shall end upon:

1.1. loss of citizenship or legal capacity;
1.2. impossibility or inability to exercise the duty for longer than six (6) months;
1.3. termination of the conditions on which the appointment is based;
1.4. expiration of the term;
1.5. resignation, providing the Director with thirty (30) days prior notice;
1.6. reaching retirement age;
1.7. conviction by final judgment for a criminal offense; and
1.8. death.

2. The Deputy Director is dismissed from office by the Minister, before the end of the term, upon recommendation of the Director, for at least one of the following reasons:

2.1. due to serious disciplinary violations; and
2.2. due to documented poor performance.

3. In cases of dismissal, resignation or suspension of the Deputy Director, at the proposal of the Director, the Minister shall appoint an acting deputy, one of the Deputy Director’s subordinates, for a period no longer than six (6) months.

**Article 56**
**Tax Investigations and Intelligence**

1. The Tax Administration of Kosovo ensures within its structure the functioning of the Tax Investigations and Intelligence Unit, as a specialized unit responsible for:

1.1. administrative investigations in the field of taxes applying the general provisions of the Criminal Code of Kosovo;
1.2. determining the tax base and carrying out assessments in cases of administrative investigations in the field of taxes;
1.3. collection, processing, storing, analyzing information and distributing them to law enforcement institutions.

2. Whoever, corrects or completes the inaccurate or incomplete information or provides previously forgotten information for assessment of taxes and pension contributions, shall not be convicted in respect of such inaccurate, incomplete or forgotten information, except in cases when:

2.1. before correcting, completing or entering data that were not presented before:
2.1.1. the tax official is already present to start the tax control or to start the investigation of the suspected case of criminal offense in the field of taxes; or

2.1.2. the head or its representative has been notified of the initiation of the tax investigation; or

2.2. the commission of a criminal offense in the field of taxes is discovered completely or partially during the time of correction, completion or completion of information that was not presented earlier and the perpetrator was aware of this or should have expected such thing.

3. Any tax official who fails to report the tax offense that he or she has disclosed while exercising his or her duty, shall be subject to punishment as defined with the applicable provisions of the Criminal Procedure Code and the Criminal Code of the Republic of Kosovo.

4. Tax officials who are not members of the Tax Investigation Unit, are considered to comply with their reporting obligations, if they have reported their results in writing without unreasonable delay through the supervisor addressed to the Head of the Tax Investigation Unit.

5. Where the public prosecutors or police authorities carry out investigations on criminal offenses in the field of taxes, the officials of the Tax Investigation Unit shall have the right to participate. The head of the Unit must be notified in time about the place and time of the investigative actions. The designated official of the Tax Investigation Unit shall be allowed to question suspected persons, witnesses and experts.

6. The authorized representative of TAK should be informed about any indictment filed and any request for sentencing order as well as on cases where the Public Prosecutor considers suspending investigation, dismissing, suspends or avoids prosecution.

7. Each member of the Tax Investigation Unit shall have the same powers and responsibilities as the police officers who are authorized to conduct investigations and similar operations under the supervision of the public prosecutor (Judicial Police). Each member of the Tax Investigation Unit should act in cases of suspected criminal offenses in the field of taxes in accordance with the Criminal Procedure Code of the Republic of Kosovo. They have the right to make direct referrals to the competent Public Prosecutor.

8. A search warrant must be executed by the Tax Investigation Unit, and where required, with the necessary assistance of Police Officers, in general within forty-eight (48) hours of the issuance of a warrant. However, based on the request of the competent Public Prosecutor, the pre-trial judge may authorize the extension of execution period up to four (4) weeks, if this is justified by the complexity of the case.

9. In addition to the powers granted under Article 92, the officials of the Tax Investigation and Intelligence Unit shall have the powers and the responsibilities that any tax officer authorized by the Director has in the taxation procedure, such as:

9.1. access to books, records, computers and similar record storage devices as provided for in Article 8 of this law,

9.2. collection of information or evidence as provided for in Article 9 of this law,

9.3. preparations of jeopardy assessments according to Article 17 of this law,

9.4. preparations of requests for embargoes on import and export according to Article 36 of this law,

9.5. preparations for the written information for the Kosovo Police for departure prohibitions...
according to Article 37 of this law, and

9.6. having direct access to the KC during the assessment-clearance of goods of taxpayers.

10. The General Director may assign or delegate other responsibilities to the Tax Administration Unit and may assign or delegate responsibilities to the Tax Administration Unit under sub-paragraph 1.2. of this Article for tax officials of the inspection unit under the supervision of the Head of the Tax Investigation Unit.

11. Each tax official dealing with the case, if there is a reason to suspect of a criminal offense commitment in the field of taxes shall have the duty to immediately contact the Tax Investigation Unit and to undertake all necessary steps to preserve the traces and other evidences of the offense in the field of taxes, as well as other objects that could be used as evidence. The tax officials are obliged to follow the instructions of the Head of the Tax Investigation Unit regarding the next steps to be taken until the procedures are finally taken by the Tax Investigation Unit.

12. In case of immediate risk of concealment, destruction or any tampering with any document or item that can be used as an evidence for prosecution of a criminal offense in the field of taxes, the tax official may take such document into temporary possession.

13. During the time when tax official takes a document or item in his possession, he must describe such objects in the register and immediately issue a certificate specifying the document or item received. In this case, a notification must be issued immediately and sent through the Tax Investigation Unit to the Public Prosecutor, so that he or she can initiate the criminal prosecution. The objects taken into ownership must be returned immediately if the Public Prosecutor determines that there is no basis for criminal proceedings.

**Article 57**

**Appeals**

The Tax Administration of Kosovo ensures within its structure the functioning of the Appeals Unit, which is responsible for evaluating claims for review by persons who oppose a TAK assessment or decision according to the legislation administered by the TAK, as the first appeal instance in the administrative procedure.

**Article 58**

**Taxpayers’ Ombudsperson**

1. The Tax Administration of Kosovo shall ensure within its structure the operation of the Taxpayers’ Ombudsperson, with the aim of protecting the rights of taxpayers defined by the legislation in force, as well as to help taxpayers in solving problems and issues, for which they claim that they were not treated fairly or in a timely manner.

2. The Taxpayers’ Ombudsperson is not a substitute for due process or the appeals process.

3. The Taxpayers’ Ombudsperson shall protect taxpayer interests with regards to the TAK.

4. The Taxpayers’ Ombudsperson shall have the following functions:

   4.1. help the taxpayer to solve problems with the TAK;

   4.2. review any taxpayer claim and recommend actions to resolve the case when the taxpayer claims that the procedures related to the determination of the case ascertained by the taxpayer were not implemented correctly or in a timely manner;

   4.3. cooperate with the Taxpayer Service Department to promote the role of the Taxpayers’
Ombudsperson in protecting the rights of taxpayers;

4.4. cooperate with all Departments within the TAK, to guarantee that taxpayers are treated or will be treated in accordance with the legal provisions and that their rights are protected and respected properly by TAK officials;

4.5. inform the Deputy Directors about the violation of taxpayer rights by tax officials;

4.6. propose to the Director improvements in work processes and tax procedures, with the aim of improving services to taxpayers, reducing the administrative burden, and facilitating procedures for taxpayers in fulfilling tax liabilities;

4.7. issue recommendations of a general nature regarding the issues identified during the exercise of their functions and use them as a basis for making proposals for changing the relevant legislation;

4.8. issue written recommendations to the Appeals Unit and/or present these recommendations at the administrative hearings held by the Appeals Unit;

5. The Taxpayers’ Ombudsperson is not authorized to review or intervene in cases for which the taxpayer has been investigated by the Tax Investigation and Intelligence Unit, as well as in cases for which the taxpayer has turned to the Board, court or other competent body.

6. The Taxpayers’ Ombudsperson is not authorized to review or intervene in the process of determining the tax liability or in cases which are in process. However, the Taxpayers’ Ombudsperson is authorized to review and intervene, if the tax liability assessment process or the appeal process is not carried out in accordance with the procedures established in the law or in the relevant by-law provisions. This authorization is limited to the right to ensure compliance with the procedures and not to the decisions related to the estimated amounts of tax liabilities or to the decision taken with regards to the appeal.

7. The detailed procedures for the functions, responsibilities and procedures to be implemented by the Taxpayers’ Ombudsperson, as well as the procedures to be followed by the taxpayers to benefit from the services provided by the Taxpayers’ Ombudsperson, shall be determined by a by-law issued by the Minister.

Article 59
Professional Standards

1. The Tax Administration of Kosovo shall ensure within its structure the functioning of the Professional Standards Unit within its organization, with the aim of supervising compliance with the Code of Ethics by tax officials and other employees within the TAK.

2. The Professional Standards Unit is responsible for ensuring the implementation of the Code of Ethics and has the following authorizations:

2.1. to prepare operational plans and mid-term plans for preservation of TAK integrity;

2.2. to hold trainings for tax officials on the Code of Ethics and the Dress Code;

2.3. to hold trainings for tax officials regarding the prevention of conflict of interest;

2.4. to hold trainings for tax officials with regards to the obligations that are determined by the relevant law on public officials;

2.5. to provide advice to tax officials regarding the implementation of the Code of Ethics and
the prevention of conflict of interest;

2.6. to monitor tax officials regarding the implementation of the Code of Ethics;

2.7. to provide information based on the request of the Director, Human Resources Unit and disciplinary committee at TAK, in order to preserve the integrity of TAK;

2.8. to verify the background of new tax officials;

2.9. to receive and review appeals for violations of the Code of Ethics;

2.10. to examine tax official requests for secondary work, as well as issue a decision on approval or rejection of the request; and

2.11. to connect and exchange information with other relevant institutions, in order to ensure the integrity and security of the TAK;

**Article 60**

**Office for Fines and Administrative Penalties**

The Tax Administration of Kosovo shall ensure within its structure the functioning of the Office for Administrative Fines and Penalties (hereinafter: OFAP), which deals with legal violations from all findings by operational units, as well as issues decisions related to punishments and fines defined in the tax legislation.

**Article 61**

**Appeals Board**

1. With this law, the Board of Appeals in the Ministry is established for the review of appeals against decisions issued by the TAK Appeals Unit and KC with regards to tax and customs matters.

2. The board consists of one (1) Chairperson and eight (8) members, who are appointed for a term of four (4) years, with the possibility of extension for a second term.

3. The members of the Board are appointed by the Minister after the completion of the selection process according to the criteria provided by this Law through public announcement.

4. To be appointed Board member, a candidate must meet the following criteria:

   4.1. be a citizen of the Republic of Kosovo;

   4.2. have a university degree in the field of economics, law or similar fields, issued by universities with accredited programs in Kosovo or certified according to the legislation in force;

   4.3. have five (5) years of work experience in the field of taxes or customs in the public or private sector;

   4.4. has not been convicted of a criminal offense by a final court decision; and

   4.5. has no conflict of interest with the task or any conflict of interest of another nature, as provided by the Law on the prevention of conflict of interest in the discharge of a public function.

5. The Chairperson of the Board shall report to the Minister on the activities and results of the Board.

6. Board members may leave the Board by decision of the Minister for one of the following reasons:
6.1. in case of conviction by final judgment for a criminal offense;

6.2. due to the impossibility or inability to exercise the duty for longer than six (6) months;

6.3. when the member of the Board does not inform the Board about a possible conflict of interest, which could jeopardize the credibility of the Board;

6.4. due to serious disciplinary violations; and

6.5. due to poor performance.

7. The Board may be supported by professional advisors contracted for a fixed term as needed.

8. The Minister shall issue a by-law on defining the procedures and criteria related to the operation of the Board.

**Article 62**

**Board Jurisdiction**

1. The Board has jurisdiction to review any decision by the relevant appeals units regarding tax and customs legislation in force in the Republic of Kosovo.

2. The decisions of the Board are made in writing and are binding on the parties. The decisions of the Board are final in the administrative procedure.

3. Against the decisions of the Board, a claim can be filed with the competent Court.

**Article 63**

**Public Rulings**

1. The Tax Administration of Kosovo may issue public rulings to explain how TAK shall interpret and apply the provisions of the legislation that it administers in order to provide guidance to persons required to pay tax or to withhold tax.

2. The public ruling is made accessible to the public.

3. The public ruling issued according to this Article has a binding effect on the TAK regarding any tax liability that arises in the tax period during which the ruling was in force.

4. A public ruling is not binding on a person liable to pay tax under the legislation in force in the Republic of Kosovo.

**Article 64**

**Individual ruling**

1. The Tax Administration of Kosovo may issue a ruling to a particular person explaining how TAK shall interpret and apply the provisions of the tax legislation that it administers as it applies to a particular transaction or arrangement planned by the person seeking the ruling.

2. If the taxpayer has made a full and true disclosure of the nature of all aspects of the transaction relevant to the ruling, and the transaction proceeds in all material respects as described in the taxpayer’s application for the ruling, the individual ruling shall be binding on TAK and the taxpayer with respect to the application of the law as it stood at the time of the individual ruling.

3. The Minister shall issue a by-law to prescribe the requirements for requesting an individual ruling, including the documents required, the information to be included in the request, timeframes for
requesting and issuing individual rulings, and the fees to be required to be issued an individual ruling.

Article 65
Taxpayer Representatives

1. The taxpayer may participate in tax proceedings through their authorized representative.

2. For legal persons, taxpayer representatives may include the proprietor of a business activity, the president, director general of the company, manager, or administrator of a legal person, the bankruptcy representative of an organization in liquidation, the guardian of goods for an insolvent business, the administrator or heirs of an estate and any other person with written authorization to represent the taxpayer.

3. For natural persons, taxpayer representatives may be an attorney, accountant or other agent with written authorization to represent the taxpayer.

4. The powers and duties of a taxpayer representative shall be limited to the terms of the written agreement.

5. The participation of a taxpayer representative in any tax proceeding shall not deprive the taxpayer of their personal right to participate in such proceedings and shall not deprive the TAK of access to the taxpayer.

6. A person who is a non-resident taxpayer under the tax legislation in force, must inform the TAK of its taxpayer representative within three (3) weeks after it begins generating income or acquiring property in the Republic of Kosovo.

Article 66
Confidentiality of Tax Information

1. Any tax official or any other person who, in the execution of his or her official duties, has access to taxpayer information, is prohibited from disclosing such information to any other person except as needed in tax proceedings, in criminal proceedings related to criminal tax offenses, or otherwise provided in this Article.

2. Notwithstanding paragraph 1. of this Article, a tax official may disclose information concerning a taxpayer to the following persons:

2.1. the Ministry of Finance, where that information is needed for the official work of the Ministry. Such taxpayer information shall be subject to the same confidentiality requirements and sanctions as established by this Article.

2.2. the Kosovo Pension Savings Fund, for a purpose authorized by the legislation and regulations in force related to pensions in the Republic of Kosovo or other funds as determined by special laws;

2.3. the Institution of the Ombudsperson, for use in resolving taxpayer appeals;

2.4. Courts for official purposes;

2.5. the Kosovo Business Registration Agency for maintenance of the business registry. The TAK may disclose individual identification information to the Kosovo Business Registry for the purposes of de-registration or for the purposes of advising the Kosovo Business Registry of taxpayer information that could not be verified through personal visitation. Disclosure to Kosovo Business Registry is also authorized as necessary to verify the registration details of
businesses registered with Kosovo Business Registry;

2.6. the Auditor General - Kosovo’s National Audit Office for the purpose of auditing the TAK pursuant to legislation and regulations in force regarding the general audit in the Republic of Kosovo;

2.7. other TAK officials or employees in the course of and for the purpose of carrying out their official duties;

2.8. the tax and customs authorities of a foreign country in accordance with ratified international treaties or agreements;

2.9. Kosovo Customs, for purposes of administering the customs legislation;

2.10. any person, when the taxpayer has been convicted of fraud, or where the information consists of a list of registered persons for VAT in order that persons can check they are doing business with a VAT registered person; or any person, where the information consists of a list of persons, including their fiscal number or unique ID number, in order to conduct an economic activity.

2.11. State Prosecutor’s Office or competent law enforcement agencies:

2.11.1. for criminal prosecution or investigation of cases suspected of money laundering or terrorist financing and, except as provided in sub-paragraphs 2.12.2., 2.12.3 and 2.13 of this paragraph, for the investigation of other criminal offenses in the Republic of Kosovo when prior approval by the court has been secured;

2.11.2. for criminal proceedings of a criminal offense other than a criminal tax offense, if such information was obtained in the course of proceedings for a criminal tax offense; and

2.11.3. for criminal proceedings for a criminal offense other than a criminal tax offense punishable by imprisonment under the Criminal Code or for an economic criminal offense which by the way of perpetration or by the extent of the damage caused is likely to disrupt substantially the economic order of the Republic of Kosovo or is likely to substantially undermine the general confidence in the integrity of business or the orderly functioning of authorities and public institutions.

2.12. State Prosecutor’s Office or the competent executive agency with officials of the Professional Standards Unit as necessary in the realization of their responsibilities and powers.

2.13. the Public:

2.13.1. when the disclosure is necessary to correct publicly disseminated incorrect facts which are likely to substantially undermine the confidence in the administration of the TAK. The decision on the disclosure shall be taken by the TAK after the taxpayer was heard; and

2.13.2. when necessary to provide information regarding the de-registration, denial of registration, removal of registration, or placing in an inactive status of any taxpayer or former taxpayer as provided in this Law.

2.14. to other institutions of the Republic of Kosovo according to their requests, in order to perform official duties;
3. A taxpayer may release any person from the duty of confidentiality. Such a release must be in writing and may limit the release to certain information or to use for a specific purpose.

4. The information and special documents that will be considered confidential information, as well as the procedures for determining and accessing such confidential information, shall be determined by internal regulations issued by the Director.

**SUB-CHAPTER II**

**EMPLOYMENT RELATIONSHIP IN THE TAX ADMINISTRATION OF KOSOVO**

**Article 67**

**Legal regime of the employment relationship of TAK employees**

1. Tax officials are public officials with a special status. The employment relationship for tax officials is regulated by this Law, the provisions of the law on labor and by internal acts issued by the Director after consultation with the Minister.

2. The salary of tax officials is regulated according to the provisions of this Law and the relevant law on salaries in the public sector.

3. The employment relationship for administrative and support employees is regulated by this Law and the corresponding law on public officials.

4. The Tax Administration of Kosovo shall issue the Code of Ethics, which defines the rules and work standards for tax officials.

**Article 68**

**Classification of Job Positions**

1. The categories of job positions reflect the level of organization, direction, responsibilities, control and performance of tasks within the TAK, as well as show the position of tax officials in the organizational structure.

2. The categorization of job positions from paragraph 1. of this Article is based on the function, profile, complexity of tasks, level of professional responsibilities, work experience, level of qualification, knowledge and skills necessary to perform the work.

3. The detailed rules for the classification of jobs within the TAK shall be determined by a by-law of the Minister, upon proposal of the Director.

**Article 69**

**Recruitment Plan**

1. Vacancies are filled in accordance with the Recruitment Plan.

2. Depending on the needs of organizational units and other circumstances, the Director shall approve the Recruitment Plan which is submitted by the Human Resources Unit before December 31 of the calendar year. The Recruitment Plan shall include the number of jobs allowed according to TAK’s budget for the fiscal year.

3. The Recruitment Plan may be amended, at any time, by the Director, depending on unforeseen circumstances and in case of new vacancies.
Article 70

Competition

1. The establishment of the employment relationship of the tax official is based on an open and public competitive procedure, based on the principles of equal opportunities, merit and professional integrity, non-discrimination and fair and proportional representation of communities.

2. The evaluation of the candidates is done through an evaluation procedure, suitable for verifying the knowledge, skills and professional qualities of the candidates.

3. A job vacancy in the professional, low- and mid-management category, is initially open to be filled by tax officials through an internal competition.

4. If none of the candidates is considered successful for the vacancy announced on the basis of the internal competition, then the external competition may be announced.

5. Candidates dissatisfied with the results published by TAK, may file a complaint according to the complaints procedures.

6. Procedures and rules related to the recruitment process are determined by internal act by the Director approved by the Minister.

Article 71

Employment Procedures Committee

1. After the closing of the competition, the Director shall establish the Committee for the conduct of employment procedures of tax officials.

2. The committee shall be established with a composition of five (5) members, where one of the members is designated as the Chairperson.

3. Members of the Committee may also be appointed persons who are employed in other public institutions.

4. The mandate of the members of the Committee ends with the completion of the employment procedure.

Article 72

Conditions for induction in the employment relationship of the tax official

1. The conditions for induction of the tax official in the employment relationship are:
   1.1. to be a citizen of the Republic of Kosovo;
   1.2. to have full capacity to act;
   1.3. to master one of the official languages, in accordance with the Law on Languages;
   1.4. to have the level and field of education adequate for the position;
   1.5. to be in good health and physically fit to perform the duty;
   1.6. has not been convicted of an intentional criminal offense by a final court decision;
   1.7. to enjoy personal and professional integrity;
1.8. has not been dismissed from work for serious disciplinary violations;

1.9. has no conflict of interest according to of the legislation in force in the Republic of Kosovo;

1.10. has successfully passed the competition procedures.

1.11. other supplementary conditions defined in the recruitment plan.

**Article 73**

**Employment relationship duration**

1. The employment relationship of TAK employees is established for an indefinite period.

2. The employment relationship for a fixed period of no longer than twelve (12) months, may be established in case of the need to replace or the temporary absence of a TAK employee.

**Article 74**

**Trial period**

1. The trial period for new TAK employees shall last:

   1.1. twelve (12) months for the indefinite term contract; and

   1.2. one fifth (1/5) of the fixed term contract duration.

2. In special circumstances, such as maternity leave, medical leave, military service and other special cases, probation work may be extended for the time the interruption of the probation work has been done.

3. The purpose of the trial work is to confirm that the public officer is suitable to perform the task and that they can be integrated into the relevant team.

4. At the end of the trial period, the work results are evaluated and the employment relationship of the tax official who does not show satisfactory results, does not have professional skills and other skills, shall be terminated on the day of the expiration of the trial period as determined by the employment contract.

5. During the trial period, the TAK may terminate the employment of the employee with a prior notice of seven (7) days, in case it is estimated that they are unable to undertake the tasks foreseen for that job position.

6. During the trial period, the employee may terminate the employment relationship with seven (7) days prior notice.

7. Trial work does not apply to promoted tax officials.

**Article 75**

**Tax officials career advancement**

1. Advancements in TAK are vertical and horizontal.

2. Vertical advancement means rising in position from a lower level to a higher level, and is based on meeting the conditions required for certain positions and is carried out through internal competition.

3. Horizontal advancement means rising from a lower financial level to a higher level within the same position.
4. The procedures and criteria for advancement according to this Article are determined by a by-law of the Minister, upon proposal of the Director.

**Article 76**

Internal act for admission and career in the TAK

The detailed procedures for admission, career development, as well as the rights and obligations of tax officials, are determined by an internal act, issued by the Director after consultation with the Minister.

**Article 77**

Assessment of work results

1. Tax officials are subject to assessment of work results on a periodic basis, and such results are taken into account for:

   1.1. identification of training needs;
   1.2. advancement or demotion; and
   1.3. identifying the conditions for transfer.

2. The assessment is preceded by periodic analyses related to the fulfilment of the objectives and tasks defined by the plan, the reporting of challenges and related reports.

3. When the direct supervisor identifies deficiencies in the fulfilment of objectives and tasks, the tax official is notified in writing of the evidence and recommendations that must be fulfilled within the specified period.

4. Procedural rules, other criteria related to the assessment of work results, and relevant forms, are determined by an internal act, issued by the Director.

**Article 78**

Temporary appointments

1. The vacancy of the job may be filled by the provisional appointment of TAK officer to that position up to twelve (12) months, provided that TAK official meets the criteria for being temporarily appointed to that position.

2. Interim appointments may be made if:

   2.1. this is required for the functionality needs of that positivity; and
   2.2. when the official holding that position is absent from thirty (30) days to six (6) months for various legal cases, and up to one (1) year in cases of maternity leave and medical leave.

3. During the time of the temporary appointment, TAK official temporarily appointed to the other position, enjoys the right to salary and other benefits for that position.

4. Upon completion of the interim appointment, TAK official temporarily appointed to another position, returns to his previous position.

**Article 79**

Appointment and mandate of management positions

1. Management positions in TAK are divided and include the following positions:
1.1. General Director of TAK;  
1.2. Deputy General Directors;  
1.3. Directors of Central Departments;  
1.4. Directors of Regional Departments.

2. The appointment to the positions defined in sub-paragraphs 1.1, 1.2, 1.3 and 1.4 is made in accordance with the recruitment procedures defined by Article 51, 70, 71 and 72 through an external competition with a four (4) year mandate, with the possibility of extension.

3. In derogation of paragraph 2. of this Article, in cases where the General Director deems it necessary, the appointment of the positions defined in sub-paragraph 1.2, 1.3, and 1.4 can be done through:
   3.1. internal competition; or,  
   3.2. re-election, through the continuation of the mandate.

4. With the exception of the General Director, whose term of office is defined as to when it ends, all other management positions according to sub-paragraphs 1.2, 1.3 and 1.4 will have their mandate end one (1) year after the entry into force of this Law. In case of systematization in a lower position in TAK according to the provisions of this Law, this staff shall continue to receive the same value of salary (the same monetary value) during the employment relationship in TAK if the position held has a lower salary (lower monetary value) than the value of the salary according to this paragraph.

5. After four (4) years, for the selection of other management positions, the General Director of TAK acts in accordance with this Article.

6. Management positions according to sub-paragraphs 1.1, 1.2, 1.3. and 1.4. of this Article, whose mandate is not extended, are returned to their previous position in case they had a previous position in TAK.

7. The detailed rules for the implementation of this Article are determined by a sub-legal act of the relevant Minister for Finance.

**Article 80**  
**Transfer**

1. The Tax Official may be transferred to a position equivalent to the position they hold through regular transfer to an equivalent position for a temporary period of up to twelve (12) months or indefinitely in cases of agreement by both parties.

2. The transfer is justified and based on the following criteria:
   2.1. the need for the transfer service, justifying the purpose and expected results;  
   2.2. suitability for carrying out the transfer based on the abilities, skills of the tax official to realize the purpose of the transfer as best as possible;  
   2.3. the minimum training necessary for the given position; and  
   2.4. the profile of the tax official provided by the Human Resources Unit.

3. The transfer must take into account the reasonableness of the financial cost related to the
coverage of travel expenses and the anticipated periods of stay in a position or location.

4. The Tax Official, in cases of mutual agreement, can be regularly transferred to another equivalent position based on TAK needs or based on the personal request of the tax official.

5. After the end of the temporary transfer period, the tax official returns to his or her previous position.

6. Procedures and other criteria related to the transfer of tax officials are determined by a by-law of the Minister, upon proposal of the Director.

Article 81
Reorganization

In case of the need for institutional reorganization, the position and salary of the tax official who is included in the reorganization are preserved, regardless of the position they are assigned to.

Article 82
Working hours and leaves

1. TAK working hours are determined by the Director, including regular working hours, shift work and the allowed overtime rate.

2. The Tax Official has an annual leave of twenty (20) working days and one (1) day is added for every two (2) years of work experience.

3. The Tax Official may be granted unpaid leave with or without interruption for a period of up to one (1) year. Requests for unpaid leave will be reviewed by the Committee formed by the Director and can only be granted for special cases, such as the following:

   3.1. in case of illness or treatment abroad;
   3.2. for the care of a close family member, due to illness;
   3.3. for the purpose of education in the country or abroad, and
   3.4. taking exams or completing education that is in the interest of the TAK.

4. The recommendation from the committee must be approved by the Director.

5. The Tax Official has the right to medical leave and other holidays according to the legislation in force.

6. The working hours are determined by a by-law of the Minister, upon proposal of the Director.

7. Procedural rules, criteria and types of leave are defined by a by-law of the Minister, upon proposal of the Director.

Article 83
Employment relationship suspension

1. The Tax Official may be suspended from work for up to six (6) months, in case:

   1.1. he or she has been indicted for a criminal offense;
   1.2. has been assigned the measure of house arrest or detention; and
1.3. is suspected of breach of duty and his or her presence may affect disciplinary or criminal investigations.

2. In the event that an indictment has been filed against the tax official and the criminal proceedings are not completed within six (6) months, the suspension may be continued until the final decision of the competent court.

3. If TAK official is suspended from work, he is taken with the official card and during the suspension period, he is prohibited from accessing TAK.

4. During the time of suspension, the tax official receives fifty percent (50%) of his or her salary.

5. If the suspended official is found not guilty, the period of suspension is treated as service for all intents and purposes and the official receives the full salary and other applicable allowances that would have been paid had the suspension not been imposed.

**Article 84**

**Employment relationship termination**

1. The employment relationship of the tax official shall terminate with:

1.1. resignation, providing a thirty (30) days prior notice;

1.2. reaching retirement age;

1.3. loss of citizenship or legal capacity;

1.4. due to the impossibility or inability to exercise the duty for longer than six (6) months;

1.5. after two (2) “unsatisfactory” evaluations of work results, for two (2) consecutive periods;

1.6. in case of serious disciplinary violations, when dismissal is imposed;

1.7. in case of conviction by a final decision of the Court for committing a criminal offense related to the official duty, or any criminal offense punishable by effective imprisonment for three (3) months or more;

1.8. death; and

1.9. in any other case, provided by the legislation in force.

**Article 85**

**Prevention of conflict of interest**

1. Tax officials are prohibited from engaging in activities that present a conflict of interest according to the legislation in force on the prevention of conflict of interest.

2. In order to implement paragraph 1. of this Article, the Director, shall issue an internal regulation that defines the rules and procedures for the prevention of conflict of interest within the TAK, including the list of activities, which present a conflict of interest according to the legislation in power, assigned to certain tax officials.

3. Engagement of tax officials in secondary work without a decision from the TAK is subject to disciplinary measures.
Article 86
Information use restrictions

1. The Tax Official cannot use the information, data or knowledge, to which they have access during TAK work, for non-official purposes, except with the consent of the Director, for research or educational purposes, provided that they do not disclose data, personal information, taxes, business secrets and other protected information.

2. The Tax Official cannot use and provide information, data and knowledge for the purpose of achieving any financial benefit for themselves or for any other person.

3. After the termination or ending of the employment relationship, the tax official shall protect the data mentioned in paragraph 1. and 2. of this Article.

Article 87
Responsibility and disciplinary violations

1. The tax official is responsible for any violation, failure or improper implementation of work tasks and other legal obligations.

2. Disciplinary violation is considered any action, omission, behavior or attitude that is contrary to the Code of Conduct, the legislation in force, as well as the by-laws that provide for the performance of tasks by TAK personnel.

3. Failures to enforce the legislation and other tasks defined by the legislation in force, represent disciplinary violations and are punished with disciplinary measures.

4. Disciplinary violations are categorized into two types:

    4.1. Minor disciplinary violations; and

    4.2. Serious disciplinary violations.

Article 88
Disciplinary measures for violation of work tasks

1. For the violation of their work duties, one of the following punitive measures shall be imposed on employees:

    1.1. verbal admonition;

    1.2. written admonition;

    1.3. twenty percent (20%) reduction of the gross monthly salary, up to six (6) months;

    1.4. prohibition of promotion for a period of two (2) to three (3) years;

    1.5. demotion, not more than one position;

    1.6. suspension from duty, up to six (6) months; and

    1.7. termination of the employment relationship.

2. Disciplinary measures “Oral admonition” and “Written admonition” are imposed for minor disciplinary violations.
3. The disciplinary measures "Demotion, no more than one position", "twenty percent (20%) reduction of the gross monthly salary for up to six (6) months", "Suspension from duty for up to six (6) months" and "Termination of employment", are imposed for serious disciplinary violations.

4. Disciplinary measures from sub-paragraphs 1.1 and 1.2 of this Article are imposed by the direct supervisor. If after the verbal admonition, the same violation is repeated, the direct supervisor imposes the written admonition.

5. Disciplinary measures from sub-paragraphs 1.3, 1.4, 1.5 and 1.6 of this Article are imposed by the Disciplinary Committee.

Article 89
Review of disciplinary responsibility and protection of rights from the employment relationship

1. For the alleged violation of work duties, the review of disciplinary responsibility, the imposition of disciplinary measures, as well as for the protection of rights from the employment relationship, the Director shall establish the:

1.1. Disciplinary Committee; and

1.2. Appeals Committee for the employment relationship.

2. The Disciplinary Committee is responsible for reviewing any alleged disciplinary violations.

3. The Disciplinary Committee shall decide within thirty (30) days from the start of the disciplinary proceedings.

4. Each party in the disciplinary proceedings or their authorized representative has the right to file an appeal against the decisions of the Disciplinary Committee.

5. Appeals against the decisions of the Disciplinary Committee can be filed within thirty (30) days from the day of receipt of the decision.

6. If the legal remedies are not exercised against the decision of the Disciplinary Committee within the period defined by paragraph 2. of this Article, the decision shall take the final form and is executed immediately according to the provisions in force.

7. The Appeals Committee is the competent body for reviewing and deciding on all objections, claims and appeals submitted within the framework of the employment relationship.

8. The employee and the candidate who has undergone the recruitment process, who believes that any right under the employment relationship has been violated, can initially submit a written appeal to the competent decision-making body according to the organizational structure. If the claimant is not satisfied with that change, then they have the right to appeal to the Appeals Committee.

9. The employee who believes that any right has been violated by any administrative act, administrative action or inaction, including the Decision of the Disciplinary Committee, may directly submit the case for review to the Appeals Committee.

10. The Appeals Committee shall decide within thirty (30) days from the filing of the appeal.

11. The decision of the Appeals Committee is final and is executed immediately.

12. The employee who is not satisfied with the decision of the Appeals Committee or thinks that their rights have been violated, may file a case with the competent court.
Article 90
Expungement of disciplinary measures

1. Disciplinary measures in the personnel file are expunged after the following deadlines have passed:

1.1. one (1) year from the beginning of the implementation of the measures defined in subparagraph 1.1. and 1.2. of paragraph 1. of Article 88;

1.2. two (2) years from the beginning of the implementation of the measure defined in subparagraph 1.3. of paragraph 1. of Article 88;

1.3. four (4) years from the beginning of the implementation of the measure defined in subparagraph 1.4. of paragraph 1 of Article 88 of this law;

1.4. five (5) years from the beginning of the implementation of the measures defined in subparagraph 1.5. and 1.6. of paragraph 1. of Article 88 of this law;

1.5. the measure defined in subparagraph 1.7 of paragraph 1. of Article 88 shall remain in the personnel file forever.

2. The expungement of the disciplinary measure from the personnel file is done by decision of the Human Resources Unit, ex-officio or by request from the official on whom the disciplinary measure has been imposed.

Article 91
Internal act on discipline and appeals of TAK employees

The classification of violations, the procedural rules for discipline, as well as the appeals of TAK employees in the case of the imposition of disciplinary measures and the protection of rights arising from the working relationship within the TAK, are determined by an internal act, issued by the Director after consultation with the Minister.

CHAPTER VIII
CRIMINAL PROVISIONS

Article 92
Enforcement of criminal legislation

Criminal prosecutions for criminal offenses in the field of taxes are handled according to the Criminal Code and the Criminal Procedure Code of the Republic of Kosovo, and the provisions defined in this Chapter are applied insofar as these provisions do not conflict with the provisions of the criminal legislation in force.

Article 93
Failure to Report Criminal Tax Offenses

1. The tax official, who is informed about the preparation or commission of any criminal offense related to taxes and does not announce this fact, is subject to the provisions in force of the Criminal Code of the Republic of Kosovo.

2. The tax official who is not an official of the Tax Investigations and Intelligence Unit, is considered to have fulfilled their reporting obligations, if they have reported the offense from paragraph 1. of this Article, without delay or with reasonable delay, to the Tax Investigations and Intelligence Unit.
Article 94
Cooperation with law enforcement institutions

The Tax Administration of Kosovo may conclude a cooperation agreement with the State Prosecutor’s Office and other relevant law enforcement institutions, regarding the powers and responsibilities of the Tax Investigation and Intelligence Unit during the investigative phase, in relation to suspected cases of criminal offenses in the field of taxes, in accordance with the Criminal Procedure Code in force.

Article 95
TAK participation in court proceedings

The Tax Administration of Kosovo has the legal right, through representatives authorized by the TAK, to represent the TAK in all judicial instances and mediation procedures.

Article 96
Responsibilities of tax officials

1. In cases of immediate danger that a document or item that may serve as evidence in a subsequent criminal proceeding of a criminal tax offense will be concealed, destroyed or tampered with in some way, any tax officials may take any such document or item temporarily into possession.

2. Immediately after receiving a document or item in possession according to paragraph 1. of this Article, the tax official shall register such objects in the register, shall issue a certificate specifying the document or item received, and shall notify the State Prosecutor’s Office, through the Tax Investigations and Intelligence Unit, with a request to initiate criminal proceedings.

3. The objects taken into possession shall be returned immediately, once the State Prosecution establishes that there are no grounds for criminal proceedings.

CHAPTER IX
TAX OFFENSE PROVISIONS

Article 97
Sanctions for non-compliance

1. Any sanction imposed for the offenses provided for in Articles 98 to 109 of this Law is considered a tax liability to TAK and collectible as a tax.

2. Any sanction imposed according to Articles 98 to 109 of this Law must not exceed the limits defined in the law for minor offenses.

Article 98
Fines related to Fiscal Certificate and Business Registration Certificate

1. Any person who performs an activity without being provided with the required certificate under the tax laws of the Republic of Kosovo, under criteria defined in Article 4 of this law, shall be liable to a penalty up to five hundred (500.00) Euros.

2. When it is established that a person performs an activity without a fiscal number or a unique business registration number, the TAK shall issue a fiscal number and apply the fine as provided in paragraph 1. of this Article.

3. The Tax Administration of Kosovo shall take the details of the unregistered business to the KBRA.
Article 99
Penalties related to failure to file

1. When a person does not submit a mandatory tax declaration according to the legislation in force in the Republic of Kosovo within the specified period, which results in a tax liability, they are subject to a fine of:

1.1. Fifty Euros (€50.00) for the natural business person, for each declaration that is not filed;

1.2. One hundred and fifty Euros (€150.00) for the legal entity, for each declaration that is not filed;

1.3. Twenty Euros (€20.00) for the non-business natural person, for each declaration that is not filed.

Article 100
Fines related to understatements of tax and overstatements of tax refunds or credits

1. When a person who is required to complete a tax declaration under legislation applicable in Republic of Kosovo, understates the correct amount of tax due, or overstates the correct amount of a tax refund or credit to which they are entitled, such person shall be liable to a fine of:

1.1. fifteen percent (15%) of the difference between the correct amount of tax required to be declared and the amount of tax actually declared where such understatement or overstatement is ten percent (10%) or less of the correct tax amount; or

1.2. twenty-five percent (25%) of the difference between the correct amount of tax required to be declared and the amount of tax actually declared where such understatement or overstatement is more than ten percent (10%) of the correct tax amount.

2. For the purposes of paragraph 1. of this Article, where a taxpayer who is required to complete a tax declaration for a tax period, and has failed to submit such declaration, that taxpayer shall be deemed to have declared that the amount of tax due from him or her for that tax period was zero.

3. The person who under-declares the turnover as defined in Article 15, paragraph 17., is subject to a fine of twenty-five percent (25%) of the under-declared value.

4. In cases where the fines apply according to paragraphs 1., 2. and 3. of this Article, the fines defined in Article 101 of this Law shall not apply.

Article 101
Sanctions for not submitting, not creating or not presenting data

1. Unless otherwise provided in this law, any person who is required to submit an information statement with TAK and who fails to do so by the due date or who submits an inaccurate or incomplete statement, shall be liable to a sanction of one hundred fifty (150.00) Euros for each statement not submitted, and for each inaccurate or incomplete statement, up to a maximum of three thousand (3,000.00) Euros.

2. Any person who is required to create or retain records, including the requirement to place the fiscal number or the unique ID number of the business on all receipts and invoices issued, under the legislation applicable in Republic of Kosovo and who fails to do so shall be liable to a fine as follows:

2.1. a fine of one hundred and fifty (€150.00) Euros for the taxpayer with an annual turnover of up to thirty thousand (€30,000.00) Euros;
2.2. a fine of two hundred and fifty (€250.00) Euros for the taxpayer with an annual turnover of thirty thousand Euros and one cent (€30,000.01) to two hundred thousand (€200,000.00) Euros;

2.3. a fine of five hundred (€500.00) Euros for the taxpayer with an annual turnover of two hundred thousand Euros and one cent (€200,000.01) to five hundred thousand (€500,000.00) Euros;

2.4. a fine of one thousand (€1,000.00) Euros for the taxpayer with an annual turnover of five hundred thousand Euros and one cent (€500,000.01) to five million (€5,000,000.00) Euros; and

2.5. a fine of two thousand (€2,000.00) Euros for the taxpayer with an annual turnover of five million Euros and one cent (€5,000,000.01) and more.

3. The base for calculating the fines provided in paragraph 2. of this Article is the turnover of the previous fiscal year. For new businesses, the base is the real turnover of the current year.

4. Procedural rules for establishing the time within which transactions must be entered into the accounting books for purposes of the fine provided in paragraph 2. of this Article, shall be regulated with a by-law.

5. Any person who is required to provide access to books or records under Articles 8 and 9 of the law, and who fails to do so, shall be liable to a fine of one hundred fifty (150.00) Euros for each day of default following the date specified by the TAK. In such cases, the TAK may also request a warrant from a judge authorizing the entry or access sought under Articles 8 and 9 of this Law.

6. Any person who is required to install a FED/FS or software for the recording of transactions made in the course of their economic activity, and who fails to issue a receipt from such FED/FS or software to their customer, shall be liable to a fine determined in accordance with the provisions of paragraph 2. of this Article. In case of equipment or power failure, as well as in case of any problem with the FED/FS or software, handwritten receipts are issued instead of the receipts issued by a FED/FS or software, which have been approved by TAK in hard copy or electronic form.

7. Pursuant to paragraph 6. of this Article, the TAK prohibits the exercise of business activity at points of sale in cases where continuous penalties are applied, such as:

7.1. seven (7) calendar days in cases where three (3) penalties are applied on different dates within the calendar year;

7.2. fifteen (15) calendar days in cases where four (4) penalties are applied on different dates within the calendar year.

8. Any person who does not update the information as required by law is subject to a fine of one hundred and fifty (€150.00) Euros.

9. Any person who accepts payment in violation of paragraphs 9., 10., 11. and 12. of Article 6 of this Law, is subject to a fine determined in accordance with the provisions of paragraph 2. of this Article.

10. The Minister shall issue a by-law to describe the procedures through which this Article is implemented.

**Article 102**

**Fine for not providing information and evidence**

1. Any person who fails to appear at the time and place specified in the notice, or to provide
information in response to the requests for information described in paragraph 1. of Article 9 of this Law, shall be liable to a fines of five hundred (€500.00) Euros.

2. Any person who does not provide the information in accordance with Article 10 of this Law is subject to a fine of five hundred (€500.00) Euros.

3. Any employer who does not inform the TAK as defined in Article 43, paragraph 5. of this Law, is subject to a fine of five hundred (€500.00) Euros for each undeclared worker.

**Article 103**
Fines for failure to withhold tax

1. Any taxpayer who fails to withhold and to pay over a withholding tax, shall be liable to a fine of twenty-five percent (25%) of the difference between the correct amount of tax required to be paid over and the amount of tax actually paid over.

2. Any taxpayer who fails to withhold or pay over pension contributions to the KPSF, or other contributions requires in relative funds, shall be liable to a fine of twenty-five percent (25%) of the difference between the correct amount of contribution to be paid over and the amount of contribution actually paid over.

**Article 104**
Fine for failure to surrender property subject to levy and setting aside money

1. Any person who fails to surrender any property subject to seizure, shall be liable to a fine equal to fifty percent (50%) of the amount identified under paragraph 3., Article 31 of this law.

2. Any person who fails to set aside money as required under paragraph 1., of Article 35 of this law shall be liable to a fine equal to the amount of money in question.

**Article 105**
Fine for errors by taxpayer representatives, tax advisors, other persons acting on behalf of a taxpayer

Any person who signs a tax declaration on behalf of another person, who makes an error in that declaration, shall be liable to a fine of one hundred fifty (150.00) Euros.

**Article 106**
Fines for failure to install FED/FS

1. Any person who is required to use FED/FS for recording all transactions made during their economic activity, and who has not installed FED/FS, for any such violation is subject to fines, as follows:

1.1. a fine of two hundred and fifty (€250.00) Euros for the taxpayer with an annual turnover of up to thirty thousand (€30,000.00) Euros;

1.2. a fine of five hundred (€500.00) Euros for the taxpayer with an annual turnover of thirty thousand Euros and one cent (€30,000.01) to two hundred thousand (€200,000.00) Euros;

1.3. a fine of one thousand (€1,000.00) Euros for the taxpayer with an annual turnover of two hundred thousand Euros and one cent (€200,000.01) to five hundred thousand (€500,000.00) Euros;

1.4. a fine of two thousand (€2,000.00) Euros for the taxpayer with an annual turnover of five hundred thousand Euros and one cent (€500,000.01) to five million (€5,000,000.00) Euros;
and

1.5. a fine of three thousand (€3,000.00) Euros for the taxpayer with an annual turnover of five million Euros and one cent (€5,000,000.01) and more.

2. The base for calculating the fines provided in paragraph 1 of this Article is the turnover of the previous fiscal year. For new businesses, the base is the real turnover of the current year.

3. If a person described in paragraph 1 of this Article attempts to circumvent the FED, or tampers with the programming of the FED/FS or data to be entered into the FED/FS, in order to record incorrect data in the FED/FS, shall be subject to prosecution under the criminal legislation in force.

**Article 107**

**Fines for Economic Operator authorized to supply, install and maintain the FED/FS**

1. The Economic Operator is subject to a fine of one hundred and fifty (€150) Euros, as follows:

   1.1. in case they do not install the FED/FS within the period of fifteen (15) working days from the date of receipt of the request from the taxpayer;
   
   1.2. in case they do not install the FED/FS even after the application of the fine according to sub-paragraph 1.1 of paragraph 1 of this Article, the fine is repeated for every further fifteen (15) day delay;
   
   1.3. in case they do not carry out servicing or intervention in the FED/FS within forty-eight (48) hours from the deadline for servicing or requests for intervention;
   
   1.4. in case they do not carry out servicing or intervention in the FED/FS even after the application of the fine according to sub-paragraph 1.3 of paragraph 1 of this Article, the fine is repeated for each delay of forty-eight (48) hours thereafter; and
   
   1.5. in case where there is a FED/FS installed at the taxpayer, which does not meet the functional and technical requirements, defined by the by-law.

2. In the case when the Economic Operator does not extend the bank guarantee up to twenty-four hours (24h) before the expiration, the TAK executes the guarantee.

**Article 108**

**Fines related to VAT**

1. A person who makes taxable supplies without being registered for VAT, but who meets the conditions for VAT registration, is subject to the obligation of VAT on those supplies and a fine of:

   1.1. fifteen percent (15%) of the VAT due on those supplies if failure to register is due to negligence of person making taxable supplies of less than ten thousand (€10,000.00) Euros; or
   
   1.2. twenty-five percent (25%) of the VAT due on those supplies if failure to register is due to negligence of person making taxable supplies of ten thousand (€10,000.00) Euros or more.

2. A taxable person who fails to issue a VAT invoice, or other document serving as an invoice, or who issues an incorrect invoice that results in an apparent decrease in the amount of VAT due or an apparent increase in the amount of credit claimable shall be liable for that decrease in amount due or that increase in the amount of credit claimable in respect of the invoice or transaction, plus a penalty of:
2.1. fifteen (15%) of the apparent decrease or increase in the amount of VAT due, where the failure to issue a VAT invoice or the issue of an incorrect invoice was due to the negligence of the taxable person; or

2.2. twenty-five percent (25%) of the apparent decrease or increase in the amount of VAT due where the failure to issue a VAT invoice or the issuance of an incorrect invoice was due to the gross carelessness (failure to issue an invoice for a taxable supply in excess of one thousand (€1,000.00) Euros or issuing an incorrect invoice that is more than five hundred (€500.00) Euros above or below the amount that should have been included in the invoice) of the taxable person.

3. A taxable person who commits any of the following violations with respect to VAT shall be liable to a fine of one hundred fifty (€150) Euros, as follows:

3.1. failure to apply for VAT registration upon reaching the applicable threshold under the VAT law, or failure to apply for removal from the VAT register according to the VAT legislation in force; or This penalty is not applied in cases where the taxpayer, after exceeding the threshold for VAT, come on their own initiative to be registered with the TAK;

3.2. failure to display a copy of the VAT registration certificate in the manner required by applicable law.

4. A person registered for VAT who allows another person to use their VAT certificate, shall be liable to a penalty of up to five thousand (€5,000.00) Euros. The person using a VAT Certificate belonging to someone else will be liable for the same administrative penalty. In addition to the administrative penalty, the Tax Investigations and Intelligence Unit shall present such cases to the State Prosecutor’s Office.

**Article 109**

Fines for goods without documentation

1. Where a person engaged in economic activity possesses goods without documentation on their purchase, that person shall be liable to a fine of thirty percent (30%) of the market value of the goods.

2. Goods without documentation may be seized and taken into protective custody by TAK for the settlement of the penalty liability. In such cases, the procedures for jeopardy assessment in Article 17 of this law shall be followed, and the procedures for seizure and sale of these goods shall be governed by the provisions of Articles 30, 31 and 32 of this law.

3. The Director may issue a jeopardy order as provided in Article 35 of this law.

**Article 110**

Reduction in fines

1. Where a taxpayer who is liable to one or more of the fines set out in Articles 97 to 108 of this law, voluntarily informs the TAK of their liability before the taxpayer is first notified of a pending tax investigation by the TAK which might have discovered that liability, the fine that may be imposed shall be twenty-five percent (25%) of the fines that would have otherwise be applied.

2. Where a taxpayer so voluntarily informs TAK after the taxpayer is first notified of a pending tax investigation, but before TAK commences that investigation, the maximum fine imposed shall be fifty percent (50%) of the fine that would otherwise have applied.

3. Where the taxpayer with an unpaid tax liability pays the tax liability with a one-time payment, the penalties applied under this Law, except the penalties under Article 104, shall be deducted to thirty percent (30%).
4. Where the taxpayer with an outstanding tax liability enters into a written agreement to pay the outstanding tax in one lump sum or in two or more installments, fulfills the terms of the written agreement, and fulfills all other liabilities on time tax during the time of that agreement, the fines applied under this Law, except the fines under Article 103, will be reduced by fifty percent (50%).

5. The Tax Administration of Kosovo has the right to reduce or remove any fine assessed, or proposed, on a case-by-case basis, in cases where the person liable for any tax proves reasonable causes, good faith, great hardship or other reasons which will increase the effectiveness of the TAK.

6. The Tax Administration of Kosovo shall examine the requests for deduction of fines and take a decision based on the review of the facts and circumstances.

7. Any penalty applied according to this Law, except fines according to Article 103, if paid within fifteen (15) calendar days from the date of notification of application of the fine, will only charge for payment fifty percent (50%) of the value of the applied fine.

8. In cases where the taxpayer reports the misuse and provides sufficient evidence that a tax official has misused his official duty, the Director of TAK may issue a decision that the taxpayer is allowed to correct the tax return within three (3) months without being subject to punishments determined by this Law.

9. For the implementation of this Article the Minister shall issue a by-law.

CHAPTER X
APEAL PROCEDURE

Article 111
Appeals to the Tax Administration of Kosovo

1. A person who disputes a tax assessment or official determination of the TAK may file a claim for review with the Appeals Unit for reconsideration of the official determination. The appeal shall be filed within thirty (30) days of the date that the taxpayer received the notice of the assessment or other official determination. The appeal shall be in writing and must indicate the reasons and documents on which the taxpayer bases the appeal.

2. The deadline for appealing against any official decision issued by TAK specified in paragraph 1 of this Article can be extended if the taxpayer demonstrates reasonable circumstances that might have prevented him or her from respecting the legal deadline and such circumstances are out of taxpayers control or are such that if a deadline is not extended it might result in unfairness toward the person. The extension of the deadline shall be compatible with Law on the General Administrative Procedure.

3. The Appeals Unit shall examine the taxpayer’s appeal and issue a decision on it. The decision shall be delivered in writing to the person making the appeal as soon as practicable, but not later than sixty (45) days after the date of appeal.

4. The Appeals decision is the last decision of the TAK in the administrative proceedings and is binding for the TAK.

5. The taxpayer who does not agree with a decision of the Appeals, within thirty (30) days after receiving the notice of the decision of the Appeals, may submit an appeal to the Board.

6. If the Appeals Unit is unable to make a decision on the case based on the information provided by either the taxpayer or the TAK, it may request additional clarification from either the taxpayer or the TAK or both. In these cases, the deadline provided for in paragraph 3. of this Article may be
extended up to another forty-five (45) days.

7. The taxpayer’s right to submit an appeal for review also applies to cases of tax assessments carried out by the Tax Investigations and Intelligence Unit, and the same is reviewed by the Appeals within the legal term, unless there is a written order from the State Prosecutor’s Office or the competent court for the case to be suspended until the conclusion of the criminal proceedings, or when it is estimated that the relevant provisions according to the Law on General Administrative Procedures should be applied.

8. Where the Appeals has not delivered a decision within sixty (45) days of the day on which an appeal was filed, the taxpayer may appeal the assessment or other official determination directly to the Board.

**Article 112**

**Appeals to the Board**

1. The party dissatisfied with the decision of the Appeals Unit within the TAK or the Appeals Unit within the KC, may submit an appeal to the Board.

2. Before the Board, parties in the appeal procedure are the TAK or KC, which issued the appealed decision, as well as the taxpayer who submitted the appeal.

3. The claimant may attend the Board without being represented or assisted by an attorney or professional tax advisor.

4. The Tax Administration of Kosovo or KC are represented before the Board by their legal officer, the officer who conducted the assessment of the case, the officer who conducted the assessment of the appeal, or another authorized official.

**Article 113**

**Content of the appeal to the Board**

1. A taxpayer for whom a decision was made or has not received the required decision within the time provided by law, from the Appeal Unit within the TAK or KC, may file an appeal with the Board.

2. The party dissatisfied with the decision by the Appeals Unit within the TAK or KC, submits the written appeal to the Board. A copy of the appeal, within five (5) days, is delivered by the Board to the party against whom the review of the decision was initiated.

3. An appeal addressed to the Board shall contain one of the following requests:

   3.1. full or partial annulment of the contested decision;
   3.2. the return of tax paid unjustly, which was not issued according to the conditions foreseen;
   3.3. taking the decision, which was not taken by the TAK within the set deadlines;
   3.4. taking the decision to reduce the customs debt, which was not taken according to the conditions foreseen; or
   3.5. return of confiscated items and compensation for damage caused due to the execution of the contested decision.

4. The appeal must contain:

   4.1. the name of the competent administration which took the disputed decision or which did
not take the requested decision within the time specified by the relevant law;

4.2. reference number and date of contested decision;

4.3. personal details of the claimant;

4.4. legal and factual reasoning for the appeal;

4.5. the facts in support of the appeal;

4.6. any other document that is considered to be relevant to the measure; and

4.7. the signature of the claimant or their authorized representative.

5. The Board shall decide on the reasonableness of the claims made by the party.

6. If the person who files an appeal with the Board proves that they were unable to submit the documentation or other evidence within the deadline set by law due to reasons that were beyond their control, they are allowed to submit them to the court.

**Article 114**

**Burden of proof**

1. The claimant shall have the burden of proving that a decision, assessment or determination against which they are appealing is incorrect.

2. The Tax Administration of Kosovo and KC bear the obligation to prove the facts, which support the decision and oppose the appeal of the taxpayer.

**Article 115**

**Board procedure**

1. The board shall hold hearings where parties are heard and evidence is examined, as well as closed hearings.

2. The Chairperson of the Board shall appoint the panel, which must have an odd number of members. The panel shall hold hearings where the parties are heard and evidence is examined.

3. The appeal shall be reviewed by the Board and the decision made by the majority of the votes of the members of the Board.

4. The appeal shall be reviewed within thirty (30) days from the date of receipt. In case the claimant does not receive a decision within thirty (30) days from the Board, they can initiate a lawsuit with the competent court.

5. In cases where the Board determines that a conflict of interest has arisen or may arise in a particular case as a result of family relationships, business relationships or any other factor, that member shall not participate in the consideration of that case.

6. After receiving the written consent of the Minister, the Board shall approve the regulation for the hearings procedure.

**Article 116**

**Tax agreement**

1. Before the Board hearing, the parties may settle the conflict, in whole or in part, through an
agreement on the issues and the amount of the relevant taxes, duties, penalties or interest. The agreement must be in writing and becomes effective as soon as it is signed by both parties and submitted to the Board.

2. Until the end of the main hearing, the parties may, at their own or the court's proposal, settle their conflict, in whole or in part, through the mediation agreement on the issues and the amount of taxes, duties, fines or related interest. The agreement must be in writing and becomes effective as soon as it is accepted by the court.

3. If the agreement is partial, the remainder of the claim continues to be reviewed by the Board or the court.

4. The Minister shall issue a by-law to regulate the procedures for submitting the request for an agreement and the procedures for examining the request by the relevant institutions until reaching or not reaching an agreement, establishing clear criteria for reaching or not reaching an agreement.

**Article 117**

**Obligation to pay tax due during appeals proceedings**

1. Submitting an appeal to the Appeals Unit and the Board, as well as filing a lawsuit in the competent court, does not suspend the obligation to pay tax liabilities.

2. Notwithstanding paragraph 1. of this Article, the collection of tax through the levy is prohibited in real estate, as long as the taxpayer has the right to appeal to the competent Board or court. Any taxpayer who seeks to postpone the action of tax collection before filing an appeal with the Board or the competent court, may submit a bank guarantee or other form of security acceptable to the TAK, for an amount sufficient to cover the tax, the fine, and such interest as may accrue during any subsequent action.

3. If the taxpayer, against the notice-assessment, has submitted an appeal to the Appeals, the TAK will not take action in the confiscation of the taxpayer's movable property until a decision is issued by the Appeals, except in cases of jeopardy assessments. Such limitation of the measure of confiscation does not prevent the TAK from placing the tax lien on all or part of the taxpayer's property, until the tax debt is paid.

4. Unless the property seized is perishable, property seized by TAK shall not be sold or otherwise disposed of until the expiry of the thirty (30) day period after delivery of notice of seizure under paragraph 6. Article 30 of this law, or until the conclusion of the appeal procedures provided for in this law, whichever is the later. Where property seized has been sold or otherwise disposed of, any proceeds shall be held by TAK for the credit of the taxpayer until the matter that is appealed is finally resolved, at which time it shall be refunded to the taxpayer under paragraph 5. of this Article, or deducted from the amount outstanding under paragraph 6. of this Article, as appropriate.

5. If a matter that is appealed is finally resolved in favor of the taxpayer, TAK shall refund any excess tax paid, together with interest calculated at the rate prescribed by the Ministry in respect of each whole calendar month between the date of payment by the taxpayer to the date of TAK referring the refund to the Ministry for payment.

6. If a matter that is appealed is finally resolved in favor of TAK, the taxpayer shall pay outstanding tax, fines and interest accrued until the matter is resolved.

**Article 118**

**International Rules**

1. Where Kosovo’s existing tax laws related to international taxation do not address the taxation of international transactions, they can be interpreted following European Union Directives, as well as
international rules and principles.

2. Where the existing tax laws relative to the international juridical double taxation of revenues and capital of persons in Republic of Kosovo do not address such taxation, they will be interpreted following the principles of the OECD Model Tax Convention on Income and on Capital, and UN’s Model Double Taxation Convention shall apply in order to avoid double taxation of such income and capital.

3. Where existing tax laws relating to the taxation of VAT transactions for goods and services do not address such taxation, they may be interpreted following the principles of the European Union VAT System Directives and judgments of the European Court of Justice.

CHAPTER XI
TRANSITORY AND FINAL PROVISIONS

Article 119
Transitional Provisions

1. Upon the entry into force of this Law, all appeals under this Law shall be submitted to the Board six (6) months after the entry into force of this Law.

2. The Fiscal Division at the Basic Court shall continue to handle all appeals received until the entry into force of this Law, as well as to accept appeals for six (6) months after the entry into force of this Law.

3. All proceedings initiated before the entry into force of this Law, shall be conducted according to the legislation that was in force at the time of initiation of those proceedings.

Article 120
Amending and Supplementing the Law No. 08/L-196 on Salaries in the Public Sector

1. After the entry into force of this Law, the determination of salary class that applies to functions, positions or designations of the employees of the Tax Administration of Kosovo shall be carried out based on the provisions of the relevant Law on Salaries in the Public Sector, which is equivalent in compliance with “Annex no.6.1.- Kosovo Customs” of the relevant Law on Salaries in the Public Sector.

2. Annex No. 6.3. - Tax Administration of Kosovo, attached to this Law.

3. This Article shall begin to be implemented after the adoption of the Regulation on the Internal Organization and Systematization of Job Positions in the Tax Administration of Kosovo

Article 121
By-laws

The by-laws defined in this Law shall be issued by the Minister and the Government within one (1) year from the date of entry into force of this Law.

Article 122
Repeal

1. Upon the entry into force of this Law, the following are repealed:

1.1. Law No. 03/L-222 on Tax Administration and Procedures;
1.2. Law No. 04/L-102 on Amending and Supplementing Law No. 03/L-222 on Tax Administration and Procedures; and

1.3. Law No. 04/L-223 on Amending and Supplementing Law No. 03/L-222 on Tax Administration and Procedures, Amended and Supplemented by Law No. 04/L-102.

**Article 123**

**Entry into Force**

This Law shall enter into force fifteen (15) days after its publication in the Official Gazette of the Republic of Kosovo.

**Law No. 08/L-257**

**14 December 2023**

Pursuant to the article 80, paragraph 5 of the Constitution of the Republic of Kosovo, Law shall be published in the Official Gazette of the Republic of Kosovo.
## ANNEX NO. 6.3 – TAX ADMINISTRATION OF KOSOVO (TAK)

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