



**Republika e Kosovës**  
**Republika Kosovo-Republic of Kosovo**  
**Kuvendi - Skupština – Assembly**

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**Law No.03/L –204**

**ON TAXES ON IMMOVABLE PROPERTY**

**The Assembly of Republic of Kosovo,**

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

Adopts:

**LAW ON TAXES ON IMMOVABLE PROPERTY**

**Article 1**  
**Purpose**

The purpose of this law is to establish a tax on immovable property in Kosovo by setting forth the standards and procedures that municipalities must follow in administering of the property tax.

**Article 2**  
**Scope**

1. This Law establishes a tax on immovable property and sets forth the standards and procedures that municipalities shall follow in administering the tax.
2. The revenue collected from the tax on immovable property allocated to the account of the municipality concerned and shall be used by it in accordance with the Law no. 03/L-049, on Local Government Finances.

### **Article 3 Definitions**

1. Terms used in this law will have the following meaning:

1.1. **Immovable property**- land and buildings, establishments, structures, below or above the land surface and connected to the land. Immovable property shall include units within buildings such as apartments, areas for commercial and industrial purposes;

1.2. **Immovable property rights register**- the register from UNMIK regulation no. 2003/25 established for the Immovable Property Rights Register proclaimed with UNMIK regulation no. 2004/04.

1.3. **Kosovo Cadastral Agency**- the executive responsible, inter alia, for the overall administration of the immovable property rights register;

1.4. **Market value** - the price at which a buyer is willing to buy and a seller is willing to sell immovable property in an arm's-length transaction, where neither is under any compulsion to act and there is no relationship between the parties through family ties, marriage, common ownership or business affiliation;

1.5. **Municipal cadastral offices**- the offices authorized and supervised by the Kosovo Cadastral Agency for the registration of immovable property rights in the immovable property rights register;

1.6. **Property owner**- the natural or legal person who holds the right on the property and who is registered as the property owner in the immovable property rights register;

1.7. **Property tax database**- the database, such as the names and addresses of property owners and users, information on buildings, property values, tax rates, tax bills, and records of payment of taxes;

1.8. **Tax bill**- the document issued to the taxpayer from the municipality, that notifies the taxpayer of the liability for the tax period;

1.9. **Tax period** - the fiscal year.

1.10. **Sequestration** - taking immovable property for non-performance of property tax obligations.

1.11. **Taxpayer** – owner of the taxable property, if the owner is unknown, liable for tax payment shall be user of the property that is kept for usage by natural and legal person.

**Article 4**  
**Object of Property Tax**

The property tax shall be imposed on all immovable property in Kosovo, except property that is exempt in accordance with Article 8 of this law.

**Article 5**  
**Taxpayer**

1. The person liable for the payment of property tax is, in the first instance, the property owner.
2. If the property owner cannot be determined or cannot be located, the taxpayer is the natural or legal person who uses the immovable property.
3. If the owner or lawful user of immovable property cannot be determined, or can be determined but has no access to the immovable property, the taxpayer shall be the physical or legal person that actually uses the property. Such decision shall not confer any rights on the user regarding the right of ownership.

**Article 6**  
**Tax Base**

1. The tax base for the property tax shall be the market value of the property determined in accordance with the standards set forth pursuant to Article 13 of this law.
2. For each tax year, the market value of any property is the value of the property on 31 December of the previous year.

**Article 7**  
**Tax Rates**

1. The Municipal Assembly of each municipality shall set property tax rates on an annual basis at rates from 0.05% to 1% of the market value of the property.
2. The tax rates may vary among the following categories of property:
  - 2.1. **Residential Property:** immovable property that is serving the essential habitation needs of persons, including houses, apartments, and similar structures;

- 2.2. **Inhabited property:** property that is used or held for human habitation including land, garages, parking spaces, or other similar non-commercial structures;
- 2.3. **Commercial property:** is property used or held for use for business, commercial, retail, trade, service recreational, artistic, sporting, private educational, or private medical purposes;
- 2.4. **Industrial property:** is property used for manufacture, production, processing or storage of goods, including factories, warehouses, workshops, and other relevant facilities;
- 2.5. **Agricultural property:** is land and buildings used for agricultural purposes;
- 2.6. **Abandoned immovable property and uninhabited structures:** land and inhabited and unsteady buildings that can not be used without making major renovations and changes of materials;
- 2.7. **Unfinished property:** is the property that is still being constructed, which does not fulfill conditions for normal use and shall be taxed with 40% depending on the type of destination.
3. The tax rates assigned to property in categories foreseen in sub-paragraphs 2.3. and 2.4. of this Article shall not be greater than 2,5 times the tax rate for property in category foreseen in sub-paragraph 2.2 of this Article.

## **Article 8**

### **Exemption from Immovable property tax**

1. The institutions or organizations that own or use the property and shall be exempted from immovable property tax are as follows:
- 1.1. Institutions of the Government of the Republic of Kosovo;
  - 1.2. United Nations, or any of its bodies, specialized Agencies of United Nations and of the European Union;
  - 1.3. Kosovo Multinational Force (KFOR, ICO and EULEX);
  - 1.4. Legations and consulates accredited by Kosovo State, the regulation of which is made by an Agreement of Reciprocity between countries, foreign liaison offices, governmental agencies, intergovernmental organizations, or foreign donor agencies that provide humanitarian aid, reconstruction services, civil administration or technical assistance within Kosovo;

- 1.5. Non-governmental organizations having the mutual public benefit status in accordance with the Law on Association of non-governmental organizations in Kosovo;
  - 1.6. Religious Institutions defined by the law, whose property is kept and used only for religious purposes; and
  - 1.7. Structures which are introduced by the law as protected cultural and historical monuments.
2. Exemption from immovable property tax as stipulated in paragraph 1 of this Article, does not apply for owners of immovable property besides for properties specified in subparagraph 1.1. paragraph 1 of this Article.
  3. Pursuant to paragraph 1 of this Article, exemption from this tax does not apply when:
    - 3.1. the property is used, or retained for use, for commercial activities or generation of revenues;
    - 3.2. the property owned, or used, by a non-governmental with public benefit status is not exclusively exploited for public benefit purposes.

## **Article 9 Principal Residence Deduction**

Every natural person who, on or before 1 March of a tax period, establishes that the property or residential unit serves as his or her principal residence shall be allowed a deduction of ten thousand (10.000) Euro from the taxable value of the property.

## **Article 10 Registration and Property Information**

1. All persons owning, using or occupying immovable property shall be liable to register that property in the municipal property tax database, and supply the relevant municipality with information concerning the immovable property subject to registration, on or before 1 March of each tax period. Procedures, including nature of information to be provided for this purpose, shall be set out in a sub-normative act issued by the Ministry of Finance and Economy.
2. All persons owning, using or occupying immovable property, except as provided for under paragraph 3 of this Article, shall allow the authorized officials representing the municipal tax authorities to enter land and buildings at daylight hours to collect data regarding the value of the property.

3. The relevant municipality may request the United Nations or any of its organs including UNMIK, the specialized agencies of the United Nations, KFOR, EU, ICO, EULEX or foreign liaison offices owning or using immovable property to provide data regarding that property for the municipal property tax database.

### **Article 11** **Municipal Responsibilities**

1. Each municipality shall be responsible for the following functions in administering the property tax in respect of property under its jurisdiction:

- 1.1. property tax information management and entry data in Central base;
- 1.2. property valuation;
- 1.3. collection and enforced collection of property taxes;
- 1.4. administrative appeals; and
- 1.5. preparation and issuance of tax bills.

2. The manner of tax collection shall be assigned in pursuant to the procedure set out for this purpose by-law issued by the Ministry of Finance and Economy.

### **Article 12** **Property Tax Information**

1. Each municipality shall establish and maintain a property tax database with all property tax information including, the addresses of property, the addresses of property owners and users, data on the land and the buildings, property values, tax rates, tax bills, and records of tax payments.

2. The property tax database shall be based on the immovable property rights register and the land cadastre. The Kosovo Cadastral Agency, through the municipal cadastral offices, shall provide the necessary information from the immovable property rights register to the municipal property tax database. MEF shall provide data from the property tax database to the Kosovo Cadastral Agency at intervals to be determined by the Kosovo Cadastral Agency.

3. Information on property registrations in the immovable property tax database shall be available to the public.

**Article 13**  
**Property Valuation**

1. The Ministry of Finance and Economy shall issue sub legal act setting out uniform valuation standards under which the municipality shall determine the market value of the property.
2. Each municipality shall determine the market value of the properties in its jurisdiction in accordance with the standards prescribed pursuant to paragraph 1. of this Article.
3. The municipalities shall review and update the market value of each property in its jurisdiction every three (3) to five (5) years.
4. The municipalities shall revalue a property each year if new construction or substantial improvements are carried out on the property, or if there is a change in the use of the property.
5. For any change of the immovable property's value in amount of over 20% of the recent property value, taxpayers are obliged to submit such change to the municipality.
6. The property owner or user may request the municipality to revalue a property when the property has suffered damage that was beyond the cause or responsibility of the owner or user, such as damages that may occur from drought, flood, fire, earthquake, war, or other catastrophes.

**Article 14**  
**Tax Bills**

1. Subject to the conditions set forth in the present Regulation, the Municipality issues annual property tax bills.
2. For each fiscal year the Municipality shall issue property tax bills once a year, until 31st of March of each tax year.
3. Upon request of the Municipality, the Minister of Economy and Finance may extend the deadline. The written request shall explain the circumstances that caused the delay for issuing the tax bills
4. The property tax bill shall include the following information:
  - 4.1. property tax database identifier;
  - 4.2. name of taxpayer;
  - 4.3. property address;

- 4.4. address for delivery of tax bills, if different from the property address;
- 4.5. assessed value of the property;
- 4.6. tax rate;
- 4.7. total tax due;
- 4.8. date on which the tax payments are due;
- 4.9. procedure for payment of the tax bill; and
- 4.10. review and appeals rights and procedures.

### **Article 15 Tax Payments**

1. For the fiscal year, the tax imposed by the present Law shall be paid within sixty (60) days after the tax bill has been delivered.
2. For each fiscal year, the municipal tax on immovable property shall be paid in two (2) equal installments on or before 30th of June and 31st of December of the tax year

### **Article 16 Tax Deferrals**

1. The municipality may, in exceptional circumstances that would otherwise cause undue hardship to the taxpayer, allow a taxpayer to defer payment of taxes provided that the deferral applies to a specific tax bill in respect of the property which is the taxpayer's principal residence. Taxpayers claiming relief under this section shall present substantial evidence which supports their claim of undue hardship. A deferral of property taxes may be allowed as long as the taxpayers supplement the qualifications for lord defined by the sub-normative act.
2. During the period the payment of the property tax is deferred any enforced collection of the property tax including pursuant to Article 18 and 19 and the imposition of penalties pursuant to Article 20 of this law shall not be permissible. Interest shall be charged on the deferred taxes pursuant to Article 21 of this law.
3. The deferred taxes and related interest charges due shall constitute a lien against the property for the benefit of the municipality. The municipality shall register the lien with the Immoveable Property Register at the Municipal Cadastral Office of the Kosovo Cadastral Agency. Such lien shall have priority over all other subsequent liens in respect of the property.



4. Upon the death of the taxpayer, the deferred tax and related interest charges shall be paid from the deceased's estate or by the person to whom the property was transferred unless the person to whom the property is transferred meets the qualifications for deferral on grounds of the sub-normative act. Where the property is jointly owned by two or more parties and one or more of those individuals qualify for undue hardship set out in the sub-normative act, then the amount of property tax deferred shall be in proportion to the individual's share in the property. Any individual who is a joint owner of a property and who does not qualify for property tax deferral according to Article 16 paragraph 1 of this law shall be liable for property tax in proportion to the individual's share in the property.

5. Procedures for tax deferrals, including the nature of evidence to be presented for this purpose, regulated in a sub-normative act, to be issued by the Ministry of Finance and Economy.

### **Article 17** **Lien for Taxes**

1. Any unpaid tax under this Law shall constitute a lien on the property for the benefit of the municipality.

2. If the municipality registers the lien in the immovable property rights register, such lien shall have priority over all other subsequently filed liens with respect to such property. Upon the full payment of a tax debt, the lien shall be terminated.

3. A person whose property is subject to a lien may appeal to the municipality for the release of a lien alleging an error in filing such lien. The burden of proving that the lien is erroneous shall be on the taxpayer.

### **Article 18** **Enforcement by Levy**

1. The Municipal Directors of Finance and Economy shall appoint municipal tax collectors to enforce the collection of the property tax.

2. If a taxpayer fails to pay the tax due, the municipal tax collectors may issue a final written notice stating the intent to confiscate or to establish the mortgage right in personal property belonging to such person. Such notice shall:

2.1. be sent to the taxpayer (and shall be considered valid even in cases where the taxpayer refuses to accept the document);

2.2. be placed at the residence or the working premises of the taxpayer; and/or

- 2.3. be sent by post at the last known address of the taxpayer.
3. If a taxpayer fails to pay the full amount of the outstanding tax, penalties and interests within ten (10) days after delivery of the final notice for the payment of tax, it shall be lawful for the municipal tax collectors to:
- 3.1. issue a notice of seizure or establish the mortgage right on a person property who has the duty to pay the taxpayer a wage, rent, or other debt;
  - 3.2. issue a notice of seizure or establish the mortgage right on a bank property or other third party with taxpayers' assets in his possession;
  - 3.3. terminate municipal services to the taxpayer's property; and
  - 3.4. seize and sell the taxpayer's personal property in proportion with defined tax value, if it is the severalty property or property that is composed of some independent parts. If the property is not severalty, than for the same one it may be established only the right in a pledge.
4. The following shall be exempt from seizure: child support and social assistance payments, essential clothing, basic food, basic furniture, basic personal effects, tools of the taxpayer's trade.
5. The rules and procedures for the enforced collection under Law on Tax Administration and Procedures shall apply to the enforced collection of the property tax.

## **Article 19**

### **Forfeiture of Property**

1. If, after two years from the final notice for payment of tax the taxpayer's debt has still not been paid, the municipality may deliver a notice of seizure or establishment of mortgage right for the immovable property to all persons who have interest in the property. A list of properties subject to seizure shall be announced in a major Albanian language publication of general circulation in Kosovo and a major Serbian language publication.
2. If the payment has not been made within thirty (30) days from the day that the notice of seizure was sent and the list of properties subject to seizure was published, the municipality may sell the property or a part of the property in a public auction in accordance with rules and procedures to be set out in an sub-normative act issued by the Ministry of Finance and Economy.
3. A taxpayer who is in default with the payment of taxes and who is not the owner of the property subject to the forfeiture proceedings or the establishment of mortgage right of the immovable property may not acquire the ownership right to this property through a

public auction. The same applies for the taxpayer's spouse and dependants in direct relation in first degree.

4. After the conclusion of the sale pursuant to paragraph 2 of this Article and after the highest bidder has paid the entire amount of the bid:

4.1. the payment shall be deposited into an account from which shall be paid the tax debt, whereas if there will remain means, they will be returned to the taxpayer on his request or shall be saved more than six (6) months, after the term that will be paid on the budget;

4.2. the court shall issue an order conferring the ownership of the property to the highest bidder effective six (6) months after the issuance of the order. Such order shall come into effect automatically, unless the right of redemption under sub-paragraph 4.3. of this paragraph has been successfully exercised in which case the payment made for the sale by the highest bidder shall be immediately reimbursed; and

4.3. the taxpayer in default shall have an absolute right of redemption in respect of the immovable property concerned for a period of six (6) months, upon the payment of all outstanding tax debts. This right of redemption shall be limited to the owner or taxpayer in default. The exercise of the right of redemption by the taxpayer in default shall not confer any rights in respect to the property additional to those in place prior to the forfeiture.

5. Property sold at a public auction under this Law shall be free and clear of past property tax liabilities, even if the municipality does not receive as a result of the auction the full amount of taxes owed.

6. Property necessary for residential purposes, as described in sub-paragraph 2.1. paragraph 2 of Article 7 of this Law cannot be sold in a public auction or otherwise involuntarily seized.

## **Article 20 Penalties**

1. Any taxpayer who fails to apply for the registration of the immovable property or who fails to supply the municipality with property tax information pursuant to paragraph 1 to Article 10 of this law, shall be furnished with a reminder notice, and, if he fails to comply within sixty (60) days following the delivery of the notice, shall forfeit the right to appeal the tax bill.

2. Any person who refuses the right of inspection pursuant paragraph 2 to Article 10 of this law should agree to allow the inspection to take place within sixty (60) days of the initial refusal or shall forfeit the right to appeal the tax bill.

3. Any taxpayer who fails to pay the property tax on or before the last date prescribed for payment shall be liable for a penalty in an amount equal to 10% of the tax obligation.

### **Article 21 Interest**

1. Interest shall be charged on unpaid taxes and penalties at the annual rate established and published by the Tax Administration of Kosovo. The rate of such interest shall not exceed the rate as established under the Law on Tax Administration and Procedures and the sub-normative acts.

2. Interest shall be calculated on a monthly basis from the date the tax is due until the date the tax is paid.

### **Article 22 Administrative Appeals Regarding Immovable Property Tax Bills**

1. A taxpayer who claims that the assessed value of the property was not the market value, that there are errors in the property tax database upon which the tax bill is based, or that the tax bill is otherwise incorrect, may request a review of the tax bill by the Municipal Board for Tax Complaints on Immovable Property.

2. A taxpayer's request for review shall be made in writing within thirty (30) days of receipt of the tax bill with supporting documentary evidence that the taxpayer wishes to present.

3. A taxpayer's request for review does not suspend the obligation to pay the tax.

4. Notwithstanding paragraph 3 of this Article, the municipality shall not use enforced collection procedures to collect the tax until a decision has been taken on the taxpayer's request.

5. Within sixty (60) days of receipt of the request, the Municipal Board shall notify the taxpayer of its decision.

6. If the decision is resolved in favor of the taxpayer, the municipality shall issue the taxpayer a refund of tax and accrued interests within thirty (30) days from the date that the decision was taken by the Municipal Board.

7. The taxpayer, who does not agree with the decision issued by the Municipal Board, may appeal to the complaints review competent body in the Ministry of Economy and Finance within thirty (30) days of receiving the notice on Municipal Board decision.

8. The taxpayer, who does not agree with the decision issued by the complaints review competent body in the Ministry of Economy and Finance, may appeal to the Supreme Court within thirty (30) days of taking the decision.

### **Article 23**

#### **Authorization for the Issuance of Immovable Property Tax Bills**

1. A municipality shall possess a valid authorization for the issuance of tax bills from the Ministry of Economy and Finance in order to issue bills and collect property taxes pursuant to the present Law.

2. To obtain such authorization, the municipality must demonstrate to the Ministry of Finance and Economy that it has:

2.1. identified and recorded the physical characteristics of taxable property and property to be exempted;

2.2. established a property tax database;

2.3. adopted valuation criteria that are consistent with the criteria established pursuant to Article 13 of this law;

2.4. set property tax rates consistent with this Law; and

2.5. established administrative capacity to carry out property information management, property valuation, billing, collection, enforced collection, and administrative appeals.

3. All municipalities that are not certified shall file an application for authorization at the Ministry of Finance and Economy.

4. The Ministry of Finance and Economy shall conduct annual inspections of those municipalities that have received an authorization. Such inspection shall ensure that appropriate valuation standards are being used, that the property tax database is properly maintained, that the enforced collection procedures are properly applied, and that the municipality is complying with this Law.

5. If an inspection conducted pursuant to paragraph 4 of this Article reveals that a municipality is in material noncompliance with this Law, the Ministry of Finance and Economy shall issue a notice to the municipality stating the nature of the noncompliance and the action required to comply with this Law.

6. The Ministry of Finance and Economy may invalidate an authorization issued to any municipality which does not take the appropriate actions to comply with this Law within ninety (90) days of receiving such notice.

**Article 24**  
**Implementation**

The Minister of the Ministry of Economy and Finance may issue sub-normative acts for the implementation of the present Law.

**Article 25**  
**Applicable Law**

This Law shall abrogate the UNMIK Regulation no.2003/29 on Immovable property tax in Kosovo; UNMIK Regulation no. 2004/24, on Amending Regulation 2003/29 on Immovable Property Tax in Kosovo; UNMIK Regulation 2006/59 on Amending Regulation 2003/29 on Immovable Property Tax in Kosovo.

**Article 26**  
**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. 03/L-204**  
**07 October 2010**

**Member of the Presidency of the Assembly**

**Xhavit Haliti**