



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

Law No. 03/L-222

ON TAX ADMINISTRATION AND PROCEDURES

Assembly of Republic of Kosovo,

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

Adopts:

LAW ON TAX ADMINISTRATION AND PROCEDURES

Article 1
Definitions

1. For the purposes of this law:

1.1. **Economic activity**- any activity of producers, traders or persons supplying goods or services including mining and agricultural activities and activities of the professions. The exploitation of tangible or intangible property for the purposes of obtaining income there from on a continuing basis shall in particular be regarded as an economic activity.

1.2. **TAK**- Tax Administration of Republic of Kosovo.

1.3. **Public authority** - a central, regional, municipal, or local authority, public body, ministry, department, or other authority that exercises public executive, legislative, regulatory, administrative or judicial power.

1.4. **Lien**- the right of the Tax Administration of Kosovo to take and hold property of the taxpayer as security for payment of any tax and the right to sell such property and apply the proceeds of the sale to that tax.

1.5. **Closing Balance Sheet** - a financial statement for suspension of a commercial activity.

1.6. **Independent Review Board**- the Board established under this law to hear tax appeals from taxpayers.

1.7. **CBK**- the Central Bank of the Republic of Kosovo established under Law 3/L-074, On the Central Bank of the Republic of Kosovo.

1.8. **Information statement**- :

1.8.1.an income tax withholding annual reconciliation statement;

1.8.2.a quarterly or annual statement of pensions contributions withheld and paid;

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

1.8.4.an application form to authorize use of a specified fiscal electronic device;

1.8.5.a receipt issued by a fiscal electronic device;

1.8.6.a tax invoice required under Kosovo's laws that relate to VAT;

1.8.7.a manually prepared (not completed through a fiscal electronic device) sales invoice/receipt;

1.8.8.the periodic report required to be transmitted to the tax administration by a fiscal electronic device; and

1.8.9.any form designated by the Director General for the purpose of persons applying for tax identification numbers and being registered for tax.

1.9. **Tax declaration** -means:

1.9.1.a personal income tax declaration;

1.9.2.a profit tax declaration;

1.9.3.a presumptive tax declaration;

1.9.4. a VAT declaration;

1.9.5. a hotel, food and beverage service tax declaration;

1.9.6. a pension contribution declaration; and

1.9.7. a corporate income tax declaration.

1.10. **Tax Document**- a document issued by the TAK to exercise the activities as defined by the law.

1.11. **Delivery**- the service of a relevant document on a taxpayer by:

1.11.1. 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 (such action is deemed complete whether the person agrees to take the document or not);

1.11.2. leaving the document at the taxpayer's dwelling or usual place of business; or

1.11.3. sending the document by mail to the taxpayer's last known address.

1.12. **Director General**- the Director General of the Tax Administration of Kosovo.

1.13. **Entity**- shall have the same meaning as that term is defined in Law 03/L-161 on Personal Income Tax.

1.14. **Non-resident**- any person who is not a resident.

1.15. **Tax advisor**- a person who provides tax advice to a taxpayer in the course of a tax procedure.

1.16. **Undocumented Goods**- goods in the possession of a person for which there are no corresponding documents which can be shown to demonstrate how the person obtained the goods (from whom the person purchased the goods, or from whom the person received the goods in exchange for other goods or services, or from whom the person imported the goods).

1.17. **Levy**- the seizure or other taking of property for the payment of any tax due to the Tax Administration of Kosovo.

1.18. **Minister**- Minister of the Ministry of Economy and Finance (MEF)

1.19. **Personal business enterprise**- a natural person engaged in economic activity who is not an agent or employee of another economic activity.

1.20. **Permanent establishment**- shall have the same meaning as that term is defined in Law 03/L-162 on Corporate Income Tax.

1.21. **Partnership**- a general partnership, a limited partnership or similar pass-through arrangement that is not a legal person under Law 02/L-123 “On Business Organizations”, and that proportionately shares items of capital, income, profit and loss among its partners.

1.22. **Fiscal Electronic Device**- also known as FED or fiscal cash register, means an electronic computerized device or system, which is used for the safe recording and issuance of revenue receipts for retail transactions or wholesale transactions in which no invoice has to be issued in accordance with applicable legislation. The term “Fiscal Electronic Device” includes such electronic devices as fiscal electronic cash registers, fiscal printers, fiscal electronic signature devices, and similar devices.

1.23. **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;

1.24. **Tax period**- the period of time to which a specific tax liability relates established under legislation applicable in Kosovo.

1.25. **Intangible property** - patents, copyrights, licenses, franchises, and other property that consists of rights only, but has no physical form.

1.26. **Person**- for purposes of this law shall include the following:

1.26.1. a natural person;

1.26.2.a legal person, which is a general term meaning any organization, including any business organization that has, as a matter of law, a legal identity that is separate and distinct from its members, owners or shareholders, such as, but not limited to, joint stock company and limited liability company;

1.26.3.a partnership, which means 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

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

association is two or more individuals, companies, organizations or governments, or any combination of these entities with the objective of participating in a common activity or pooling their resources for achieving a common goal. Each participant retains its separate legal status and the association's control over each participant is generally limited to activities involving the joint endeavor, particularly the division of profits. An association is formed by contract, which delineates the rights and obligations of each member;

1.27. **Related persons**- persons that have a special relationship that may materially influence the economic results of transactions between them. Special relationships include:

1.27.1.the persons are officers or directors of one another's business;

1.27.2. the persons are partners in business;

1.27.3.the persons are in an employer-employee relationship;

1.27.4.one person holds or controls 50% or more of the shares or voting rights in the other legal person;

1.27.5.one person directly or indirectly controls the other person;

1.27.6.both persons are directly or indirectly controlled by a third person; or

1.27.7. the persons are husband or wife, or relatives to the third degree inclusive, or in law to the second degree inclusive

1.28. **Self-employed person**- any natural person who works for personal gain, in cash or in kind, who is not covered by the definition of an employee under this law. A self-employed person includes a personal business enterprise and a partner engaged in an economic activity.

1.29. **Legal person** - a corporation or other business organization that has the status of a legal person under Law 02/L-123 "On Business Organizations" and other legislation applicable in Kosovo.

1.30. **Taxable person**- has the same meaning as that term is defined in Law 03/L-146, "On Value Added Tax."

1.31. **Fiscal Representative**- a citizen of Republic of Kosovo, designated to act on behalf of a non-resident taxable person of Republic of Kosovo, who does not have a business or other fixed place of business in the Republic of Kosovo.

1.32. **ICR**- International Civil Representative.

1.33. **Employer**- shall have the same meaning as that term is defined in Law 03/L-161 on Personal Income Tax.

1.34. **Employee**- a natural person who performs work for wages under the direction and control of an employer, regardless of whether the work is performed under a contract, or any other form of agreements, whether in writing or not. An employee includes all public officials and members of executive, representative and judicial bodies.

1.35. **Beneficial Owner**- the individual or legal entity, who enjoys the benefits of owning an asset (movable or immovable property) regardless of whose name the title to the property is in; the individual or legal entity, which has dominion and control over an asset.

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. **Principal Residence**- shall have the same meaning as that term is defined in Law 03/L-161 on Personal Income Tax.

1.38. **Resident**- :

1.38.1. a natural person who has a principal residence in Kosovo, or is physically present in Kosovo for 183 days or more in any twelve-month period of time; or

1.38.2. an entity, personal business enterprise, partnership, or association of persons which is established in Kosovo or has its place of effective management in Kosovo.

1.39. **SIGTAS**- Standard Integrated Government Tax Administration System, which is the tax administration's data processing system.

1.40. **Tax**- includes any tax, contribution or other amount payable to TAK under legislation applicable in Kosovo.

1.41. **Taxpayer**- any person who is required to fulfill tax obligations imposed under legislation applicable in Kosovo, and includes a taxable person.

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

1.43. **Criminal tax offenses**- those as mentioned in Article 63 of this law.

1.44. **Assessment**- the determination of a taxpayer's liability for a specific tax and a specific tax period. In the case of a self-assessed return submitted by a taxpayer,

assessment means the entry into the tax administration's records the fact of filing, including a tax debt, if applicable.

1.45. **Market value**- the price at which similar goods or services of like quality and quantity would be sold in an arms-length transaction.

2. In this law, unless the context otherwise requires, the singular includes the plural and the plural includes the singular.

3. References to Parts and Articles in this law are references to those in this law, unless otherwise expressly stated.

Article 2

The Tax Administration of Kosovo

1. The Tax Administration of Kosovo (hereinafter "TAK"), , shall have the status of an Executive Authority, which shall function with full operational autonomy within the Ministry of Economy and Finance.

2. TAK shall be responsible 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 applicable in Kosovo that requires it to administer.

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

3.1. the resources available to TAK;

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

3.3. the compliance costs incurred by taxpayers;

Article 3

Director General of TAK

1. TAK shall be headed by a Director General who shall be appointed by the Prime minister of the Government of Republic Kosovo based on a recommendation submitted by the Minister of Economy and Finance. Such recommendation shall be made following the completion of a recruitment process initiated by the Minister of Economy and Finance conducted in accordance with the provisions of the legislation and regulations in force with respect to the civil service of Kosovo.

2. The Director General may be removed by the Prime minister on grounds of professional incompetence or misconduct or after having been convicted of a criminal offence and sentenced to serve a prison term of six months or more.

3. The Director General shall have:

3.1. the duty to enforce the provisions of this law;

3.2. the duty to collect all taxes levied under legislation applicable in Kosovo that authorizes TAK to administer such tax;

3.3. the duty to prepare advertisements, notices, and other communications to ensure that all persons understand their obligations and rights under this law;

3.4. the duty to ensure the uniform application of the tax laws in Kosovo;

3.5. the power to appoint such persons as may be required to carry out the provisions of this law in conformity with the Kosovo Civil Service rules;

3.6. the power to establish an organizational structure within TAK appropriate for its functions;

3.7. the duty to enforce any other power or duty delegated by the Ministry of Economy and Finance, which are in accordance with the legislation in force;

3.8. the authority to enter into agreements with Central and Local Public Enterprises, subject to conditions to be established by a sub-legal act, whereby the tax administration will defer enforcing collection of taxes due from Public Enterprises, in order for any privatization process to move forward in an orderly manner, or in order to provide for the continued operation of these enterprises given their strategic importance to the well-being of the Republic of Kosovo;

3.9. the authority to require all, or some, employees, managers, or Senior managers of the tax administration to provide financial disclosure statements in a form and format developed by the tax administration which are subject to verification by the Office of Professional Standards of the tax administration. Information provided on the form must be true and correct to the best belief and knowledge of the preparer. Provision of false, misleading, or purposely incomplete information is grounds for dismissal from the tax administration; and

3.10. the authority to engage experts as necessary, subject to confidentiality provisions of this law, to provide technical assistance in complex areas impacting tax administration for which the tax administration does not have expertise.

Article 4
Deputies of Director General

1. The Director General shall be assisted by Deputies of Director General and/or Directors. The Deputies of Director General and Director's shall be proposed by a selection panel formed in accordance with the relevant legislation in force on the Kosovo Civil Service and chaired by the Director General. The Director General shall make the final decision on appointments based on the results of interviews and the Kosovo Civil Service appointment process.
2. Deputies of Director General and Directors shall be responsible for the functions that are assigned to them and will assist the Director General with these functions. The Director General shall determine the level of co-efficient of each of these positions in accordance with applicable law or sub-legal act.
3. The Deputy Director General and Directors may be removed only on the ground of corruption, malfeasance or incompetence. In order to remove a Deputy Director General or Director, a proposal for removal must be presented to a disciplinary committee nominated by the Director General. The Director General shall make the final decision on removal in accordance with the Kosovo Civil Service removal process.

Article 5
Senior Managers

1. Headquarters and Regional Managers shall be nominated by a panel formed in accordance with the relevant legislation in force on the Kosovo Civil Service. The Director General shall make the final decision on the appointment of the Headquarters and Regional Managers.
2. Headquarters and Regional Managers shall be responsible for the functions that are assigned to them and will assist the Director General and Deputies of Director General or Directors with these functions.
3. Headquarters and Regional Managers may be removed only on the grounds of corruption, malfeasance or incompetence. In order to remove a Headquarters or Regional Manager, a proposal for removal must be presented to a disciplinary committee nominated by the Director General. The Director General shall make the final decision on removal.

Article 6
Tax Officials

1. Within the rules established by relevant legislation in force on the Kosovo Civil Service, the Director General shall:
 - 1.1. have the authority to employ such persons as may be reasonably required, taking into account the budgetary limits of TAK;

1.2. develop procedures pursuant to which tax officials will be promoted solely on the basis of meritorious service and ability to perform the work of the position to which they are being promoted;

1.3. require tax officials to wear or carry an official TAK identification card while conducting business and to produce the card upon request.

2. With the purpose of detecting and preventing criminal tax offenses, the Director General shall have the authority to establish a Tax Investigation Unit.

3. Notwithstanding the reference in paragraph 1 of this Article to the legislation in force on the Kosovo Civil Service, the Minister may, through sub-legal act:

3.1. establish minimum recruitment standards that must be met by all prospective tax officials in order to ensure that TAK develops and retains a professional staff with high standards of integrity. Standards established must ensure that the selection process is transparent and selections are based on objective criteria, including testing of candidates as considered appropriate.

3.2. establish a pay scale that is separate and distinct from the pay scale established under the relevant legislation in force on the Kosovo Civil Service, which recognizes the complexity and strategic importance of the work which is required by the TAK; closely parallels salaries offered to private employees in similar occupations; and recognizes the need to retain a highly-trained, professional staff.

3.3. establish procedures to dismiss tax officials who do not perform their work at a necessary standard or other improper execution of duties.

3.4. develop procedures for tax officials to seek redress for grievances concerning promotions, dismissals, and related matters.

Article 7 **Delegation Power**

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

2. The Director General may delegate powers, as deemed necessary for efficient tax administration, to members of the Kosovo Customs Service as agreed between the Director General TAK and the Director General Customs.

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

Article 8 Reporting

1. The Director General shall furnish periodic reports of TAK's operations and performance to the Minister of Economy and Finance.
2. The Director General shall produce an annual report on the operations of TAK and deliver the report to the Minister of Economy and Finance, the Government of Kosovo, and the ICR based in request within three months after the end of each calendar year.
3. The annual report of 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 of Economy and Finance;
 - 3.4.estimates of the cost of collection for each type of tax revenue collected;
 - 3.5.details of all tax liabilities cancelled under Article 36, including the names of the persons whose liability has been cancelled and the amount cancelled;
 - 3.6.details of all initiations of proceedings for criminal tax offenses, where the investigation was commenced by the tax administration. The name of each person who has been convicted, the sentence issued, and the amounts of tax involved shall be included only if the conviction has become final and appeals are no longer possible;
 - 3.7.information on the use of the powers authorized by Article 14 of this law, including the number and nature of any complaints about the use of those powers, but not including the names of the persons involved.

Article 9 Public Rulings

1. The Director General 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. Public rulings shall be made available to the public and brought to the attention of persons affected by the rulings.

3. A public ruling issued under this Article is binding on the Director General for any tax liability arising in a tax period prior to the time such ruling is revoked by TAK.

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

Article 10 Individual Rulings

1. The Director General 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 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 ruling.

3. The Minister shall issue a sub-legal act 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 rulings, and the fees to be required for requesting an individual ruling.

Article 11 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. The procedures and criteria to be followed, including forms to be used and information to be provided, by both the taxpayer and TAK for issuance of a fiscal number will be regulated by a sub-legal act to be issued by the Minister of MEF. The sub-legal act shall include conditions under which the tax administration can refuse to issue a fiscal number or under which the tax administration has the right to deregister a taxpayer involved in economic activities from its active register where there is a poor history of compliance or there is reasonable suspicion of a criminal tax offense and where it can be reasonably expected based on the facts of the case that the taxpayer or the responsible person does not intend or will not be able to comply with his tax co-operation duties.

3. The TAK may deny registration of any entity that includes in its listing of officers or directors (including managing director) a responsible representative as described in Article 16 of this Law 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 representative. The Minister shall issue a sub-legal act to describe the basis

for determining that a person has a history of non-compliance and the basis under which registration can be denied.

4. Any resident person who will do business or conduct 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 sub-legal act to be issued per paragraph 2 of this Article.

5. Any non-resident person who is subject to taxation in accordance with the tax legislation of Republic of Kosovo shall appoint a fiscal representative prior to starting any economic activity in Republic of Kosovo. The fiscal representative shall register with the TAK within five (5) days of being named. The form of registration and registration procedures shall be prescribed in the sub legal act to be issued per paragraph 2 of this Article.

6. 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, must obtain a fiscal number for the new business. If the change is a reorganization or merger, as provided in the Corporate and Personal Income Tax laws of Kosovo, the reorganization or merger must be completed in accordance with the applicable provisions of those laws. Any transfer of business, or change in form of business, not in accordance with the provisions of this paragraph, 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 12

Deregistration of Taxpayers

1. The taxpayers have the right to deregister only if they have paid all the unpaid tax obligations and after submitting the closing balance sheet.

2. TAK, within sixty (60) days after receiving a notice, is obliged to verify the tax situation and when necessary to carry out an audit of taxpayer's activity.

3. Within sixty (60) days after receiving a written notice of 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 will prepare a written notice that shall be delivered to the taxpayer.

4. TAK is obliged to withdraw a dispute only when the taxpayer has paid all the outstanding liabilities for which he has been notified in writing by TAK.

5. If within sixty (60) days after receiving a notice from the taxpayer requesting deregistration, TAK has not notified the taxpayer per paragraph 3 of this Article, the taxpayer will be considered to be deregistered.

6. TAK has the right to deregister from its active register any taxpayer when proven that he/she has not carried out activity during the last fiscal year. In this case, the taxpayers will be placed in a special register of inactive taxpayers, at which time TAK will inform the Business Registration Agency.

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 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.

Article 13 **Creating and Retaining Records**

1. Taxpayers are obliged to keep books and registers compatible with the tax legislation. A person who is liable to pay or withhold tax shall create records of account in written or electronic form which determines their liability to pay or withhold tax. The specific books and records required to be prepared and retained shall be those set out in the relevant legislation and administrative instructions. TAK may require a taxpayer to translate any records that are not in one of the official languages of Kosovo.

2. Notwithstanding the recordkeeping requirements set out in other tax legislation and administrative instructions:

2.1. a person required to create records under this law shall retain those records for a period of at least six years after the end of the tax period in which the tax liability to which they relate arose;

2.2. TAK 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;

2.3. the records required to be created and retained under this Article shall relate to the tax periods specified in applicable legislation in Kosovo. The Director General may allow taxpayers to keep records for different tax periods where he or she believes it is necessary for their efficient operation to do so, and in such case he or she shall specify how those laws are to be applied in those cases to ensure that neither TAK nor the Kosovo Pensions Savings Trust is adversely affected.

3. Books and records for businesses with annual turnovers over fifty thousand (50.000) euro shall be kept in conformity with generally accepted accounting principles of Kosovo as supplemented by International Financial Reporting Standards.

4. Each taxpayer, notwithstanding the annual turnover, in addition to keeping books and records as set out by the Law, is also required to complete and maintain an inventory of goods in stock as

of the end of the calendar year. Records provided under this paragraph must be ready on or before January 10 of the following year.

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

6. TAK may require that all supplies made by all or certain types of persons be recorded by electronic means (fiscal electronic device) and may establish the specifications of the types of electronic machines 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, TAK may require such taxable persons to issue receipts in a manner prescribed by TAK. All businesses engaged in economic activity who are required to utilize fiscal electronic devices for recording transactions related to their economic activity must issue a receipt to the customer that complies with the technical specifications for receipts as described in applicable administrative instructions.

7. Any transaction in excess of five hundred (500) euro, made between persons involved in economic activity, after 1 January 2009 is required to be made through bank account.

8. A sub-legal act shall be issued for further details regarding the implementation of this Article.

Article 14

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

1. Subject to the limitations in this Article, the Director General or any officer authorized by the Director General in writing for this specific purpose shall have, at all times and with prior notice, unless in the opinion of the Director General exceptional circumstances warrant otherwise, full and free access to any premises where a business is conducted, or where books, records, computer or similar record storage devices are located when there are reasonable grounds for concluding that access may provide the Director General with materials relevant to any tax obligation. Notwithstanding the previous sentence, the Director General, or any officer authorized by the Director General may make visits, not including audits, to confirm compliance with tax laws in force, to obtain information pertinent to subsequent audit activity, and to collect past due tax debts as considered necessary without prior notice to the taxpayer. Failure to provide access in compliance with Articles 14 and 15 of this law will subject the person refusing access to the provisions of paragraph 5 of Article 53 of this law.

2. The information referred to in paragraph one (1) 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.

3. The Director General or officer authorized by the Director General in writing under this Article may:

- 3.1. make an extract or copy from any book, record, computer or similar record storage device of information to which access is obtained;
 - 3.2. require transfer of possession of any book or record that, in the opinion of the Director General or the authorized officer, affords evidence which may be material in determining the liability of a person under the tax legislation of Kosovo;
 - 3.3. 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;
 - 3.4. require the provision of any password protecting information on a computer or similar record storage device;
 - 3.5. where a hard copy, computer disk or similar record storage device, of information is not provided, require transfer of possession of and retain the computer or similar record storage device for as long as necessary to copy the information required;
 - 3.6. make checks on a person's assets and liabilities where such checks, in the opinion of the Director General or the authorized officer, afford evidence which may be material in determining the liability of a person under the tax legislation of Kosovo;
4. The powers under this Article shall be exercised only during a taxpayer's ordinary business hours, unless the Director General 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.
 5. An officer who attempts to exercise a power under this Article shall not be entitled to enter or remain on any premises if, after a request from the occupant, the officer does not produce an authorization in writing from the Director General showing that the officer is authorized to exercise such power under this Article.
 6. Subject to the right to retain a document as evidence of a criminal offence, the Director General or an authorized officer who removes and retains records under this Article shall make a copy of the record and return the original in the shortest time practicable.
 7. If a taxpayer does not submit requested information within the timeframes established under paragraph 1 of Article 15, 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 or information could not be timely submitted due to causes which are beyond his/her control.
 8. Any document provided beyond the deadline in paragraph 7 of this Article shall not be considered by Appeals department in any subsequent appeal submitted by the taxpayer, if such document has been exist in the moment when the contest has acquired or at any other level of appeal available to the taxpayer such as Independent Review Board or competent court, if a specific written request for the information has been delivered to the taxpayer which describes

with reasonable certainty the information or documents requested and the notice includes a warning to the taxpayer regarding the provisions of this paragraph.

9. 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 the tax administration's authority. An audit shall be preceded by notice to the taxpayer of the pending audit as provided in paragraph 1 of this Article, which shall include a statement of the taxpayer's rights and obligations with respect to an audit. The Minister shall issue a sub-legal act to describe the procedures which must be followed in initiating, conducting, and finalizing an audit. Such sub-legal act shall describe, among other things: who can be audited; scope of audits (taxes and years); notification and content of notices; distinctions between full audit, partial audit, compliance checks, informational visits, spot checks, and cash register checks; place of audit; duties and obligations of audit staff during an audit; rights, including the right to be heard prior to the issuance of a final decision, and obligations of the taxpayer; conditions under which other entities or persons can be added to, or included in, an audit; actions to be taken prior to the issuance of the final report to the taxpayer; and content of the final report and notification of the final report to the taxpayer.

Article 15

Collection of Information or Evidence

1. Subject to paragraph 4 of this Article, the Director General 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 of the delivery of the notice, or such longer 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 48 hours after the delivery of the notice) for being examined on oath before the Director General or any officer authorized by the Director General for this purpose, concerning the tax liability of that person or any other person or any book, record, computer stored information in the control of that person.

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

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 liable for such fines, penalties five hundred (500) Euros.

4. This Article shall not apply to information contained in communications that may be privileged under applicable law.

5. Paragraph 4 of this Article, or any other provision related to bank confidentiality, is not applicable for banks and other financial institutions that are required to inform TAK with regard to bank accounts and related opening documents; bank transactions, including bank transfers, offsets, and deposits; loan documents; interest accruals related to deposits held by the bank in behalf of its customers; and other specified banking information upon request of TAK.

Article 16

Obligations of legal representatives and asset managers

1. The responsible 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 sentence 1 of this paragraph. In particular, they shall ensure that taxes are accurately and timely reported and paid from the funds they manage.

2. The obligation of paragraph 1 of this Article also applies to any person who has dominion and/or operational control over a business or an asset and actually exercises the powers of a responsible representative as mentioned in paragraph 1 of this Article.

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, to the extent that these obligations apply to 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 imposed by this article do not relieve natural persons, partners of partnerships, or members of associations from their obligation to accurately and timely report and pay their correct amount of tax.

Article 17

Tax Declarations

1. Each person subject to any tax under legislation applicable in Kosovo shall submit to TAK or its agent a completed tax declaration required by such legislation.

2. Where circumstances indicate that a person should submit a tax declaration, but has not done so, TAK shall have the authority to require that such person submit a tax declaration. Where such a requirement is not met, TAK may exercise the authority provided in Article 19 of this law.

3. The tax declaration shall be filed on a form developed by TAK, which must not be unduly burdensome to the taxpayer and which is accompanied by adequate instructions.
4. The tax declaration shall include the taxpayer's identification number (fiscal number), a computation of the tax due, and all other information required by the applicable legislation or administrative instructions issued pursuant to such legislation.
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 tax advisor shall also sign the declaration and provide their taxpayer identification number (fiscal number). In addition to the potential criminal prosecution for providing false information on a tax declaration, TAK may disregard any input VAT credits which are not supported by true and accurate invoices. Similarly, TAK may disregard, for income tax purposes, any purchase expenses associated with goods or services which cannot be supported by true and accurate invoices or contracts.
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 Kosovo, the filing date shall be the first business day thereafter.

Article 18 **Self-Assessment**

1. Where a person submits a tax declaration required under the applicable legislation, 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. A taxpayer may submit an amended tax declaration if he or she subsequently discovers an error in a tax declaration that has already been submitted. The deadline for submitting an amended declaration is six years after the due date of the declaration being amended.
3. Where a taxpayer subsequently 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. This obligation shall also concern the taxpayer's universal successor and the persons acting for the universal successor or the taxpayer pursuant to Article 16 of this law. The notification obligation shall further apply where the conditions for tax exemption, tax reduction or other tax privileges subsequently cease to exist, whether in full or in part.
4. 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.

5. Except as provided in paragraph 1 of Article 62 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 Director General or officer authorized by the Director General has exercised any power under Article 14 or 15 of this law and has commenced a tax investigation with respect to that tax period.

6. In cases when the employer is not required to withhold the tax or pension contributions, then the employee must file a declaration and pay after the end of the year.

Article 19

Director General's Assessment of Tax

1. Where the Director General 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 Director General may make an assessment of their tax liability, including, but not limited to, assessments resulting from use of false invoices or transactions. Except for cases involving criminal tax offenses or where the amount of tax due can be determined with reasonable certainty, assessments under this paragraph shall be made following the initiation of audit procedures as described in Article 14 of this law, if such procedures are required. The limitation imposed by this paragraph shall not apply to the provisions of Article 21 of this law.

2. The Director General's assessment shall be made to his or her best judgment and shall be based on all the evidence available to him or her, including:

2.1. books, records, receipts, invoices, or other relevant information of the taxpayer;

2.2. books, records, receipts, invoices, or other relevant information of third persons;

2.3. information from persons who can verify the accuracy of the taxpayer's declarations, books and records;

2.4. other objective information about a taxpayer's income or transactions relevant to its liability;

2.5. information obtained during visits to taxpayers as provided in paragraph 1 of Article 14 of this law;

2.6. application of this Law and/or the applicable income tax or VAT laws of Kosovo.

3. If a taxpayer's books or records have been lost or destroyed or other circumstances exist that make a determination of a tax liability impossible, the Director General shall make an assessment based on an estimate. The estimate must be based on assets, turnover, production costs, comparative costs, and other direct and indirect methods that are relevant for calculating the tax liability.

4. If the records of an employer or self-employed person are lost or destroyed or other circumstances exist that make a determination of the amount of required pension contribution impossible, the Director General may make an assessment of pension contributions equal to the level of contributions due for the previous monthly or quarterly period.
5. 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.
6. The burden of proving that the making of any assessment by the Director General is erroneous and the burden of proving that the amount of any such assessment is incorrect shall be on the taxpayer.
7. Where the TAK data contain sufficient information on an unfiled liability for a tax period, TAK may make an immediate assessment based on this data. The procedures to be followed with regard of application of this Article shall be regulated by a sub-legal act. 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, taking into account income of previous periods.
8. 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 economic activity performed during that tax period and if those costs are supported by evidence to prove the costs incurred and the payments made.
9. 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 cancelled in accordance with the provisions of Article 23 of this law, such de-registration, registration refusal, or registration cancellation shall be publicized by TAK by posting notice in print media of general circulation in Kosovo and on the TAK website. Any expenses applicable to income tax, or VAT input credits, attributable to transactions using the fiscal number of those businesses that have been de-registered, registration has been refused, or registration has been cancelled will not be recognized by TAK and tax declarations will be adjusted accordingly upon audit or discovery by TAK.
10. 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 TAK, then such goods shall be considered as goods sold.
11. The Tax Administration 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 tax administration, where such re-audit will result in an unfavorable result to the taxpayer, except in the following circumstances:

11.1. new facts are discovered by the tax administration that were not known, and could not reasonably have been known, at the time of audit and failure to re-open the case would be a serious administrative omission;

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

11.3. the closed case involved a clearly-defined, substantial error based on an established tax administration position which existed at the time of the audit. Any re-opening of a closed audit is subject to the approval of the Director General of TAK based on documented evidence supporting the basis for the re-opening.

12. In the context of assessment of tax liability, the terms and requirements for acceptance of costs from paragraphs 8 and 9 of this Article, as well as the conditions for amendments of Director General assessments and re-opening of closed audits, shall be regulated by a sub-legal act.

Article 20

Time limits for assessment

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

2. The Director General may make an assessment at any time where:

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

2.2. a person has delivered a tax form with the intent of evading tax; or

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

Article 21

Jeopardy Assessments

1. The Director General may make a jeopardy assessment of tax or penalty where the Director General considers that the collection of tax or penalty that will become due is in jeopardy because a person is about to evade taxation by fleeing Kosovo, transferring assets, ceasing business or taking other actions that will jeopardize collection of the tax unless a jeopardy assessment is made. A jeopardy assessment may also be made in the case of seizure of goods without origin as provided in Article 59 of this law, may be appealed directly to the Independent Review Board.

2. 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.

3. An appeal against the Director General's jeopardy assessment does not postpone the execution of the assessment according to paragraph 4 Article 22 of this law.

Article 22

Assessment Notice

1. If the Director General makes an assessment of tax, or the self-assessment by the taxpayer is not accompanied by the full amount of tax due, the Director General shall deliver 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 taxpayer identification number;

2.3. the date of the notice;

2.4. the matter and tax period or periods to which the notice relates;

2.5. the amount of assessed tax, sanctions, 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; and

2.9. the appeal procedures.

3. The taxpayer shall, within ten (10) days after the notice is delivered, pay the amount due at the place stated in the notice. The amount payable shall include the tax, sanctions, and accrued interest up to and including the date of payment.

4. In the event of a jeopardy assessment under Article 21 of this law, the Director General may demand immediate payment of tax and take enforced collection immediately to secure the payment of taxes due.

Article 23
Cancellation of Tax Documents

- 1 The Director General can cancel any tax document issued by TAK if it is determined any violation of tax legislation.
2. The Director General may publish a notice in newspapers of general circulation and on the tax administration website when a taxpayer certificate has been withdrawn so that other businesses can become aware of the withdrawal and its impact on their ability to engage in legal transactions with that business. The ability to publish such notices will also include the authority to publish a notice of non-issuance of a fiscal number as provided in Article 11 of this law, if the tax administration has not been able to verify the existence or address of an entity that has submitted registration documents to the Business Registration Agency.
3. For the implementation of paragraph 1 of this Article, the Minister of Economy and Finance shall issue a sub-legal act to define the conditions and way of cancellation of tax documents and issuance of public notices.

Article 24
Liability in cases of Criminal Tax Offense

Whoever commits a criminal tax offense, or participates in such by way of co-perpetration, incitement or assistance shall be jointly and severally liable for the evaded taxes. The liability shall also include interest according to Article 28 of this law.

Article 25
Liability of responsible persons

The persons referred to in paragraphs 1 and 2 of Article 16 of this law shall be jointly and severally liable with respect to those tax obligations which are not fulfilled due to a willful or gross negligent breach of the duties imposed on them resulting in taxes which are not assessed or are not paid or are not assessed or paid on time. The same shall apply in cases where tax credits and refunds are paid without legal grounds under the conditions of sentence 1 of this Article. The liability shall also include interest according to Article 28 of this law.

Article 26
Assessment of a third person's liability

1. The Director General may make an assessment of a third person's liability under Articles 24 and 25 of this Law, as well as against responsible persons described in paragraphs 4 and 5 of this Article. Articles 19, 20, 21 and 22 of this law shall apply mutatis mutandis.

2. The burden of proof for the correct assessment and the reasoning of a third person's liability shall be on the Director General.

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 reasonably assumed 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. Where a legal entity, or any organization other than a personal business enterprise, has failed to withhold, collect, or pay over a withholding tax or collected tax, any person responsible for withholding, collecting or paying over such tax, and who willfully fails to withhold, collect, or pay over that tax, shall be personally liable from his or her own assets for the amount of the tax not withheld, collected or not paid over. For the purposes of this paragraph, willfulness shall be determined if the person(s) deemed responsible paid, authorized to be paid, directed to be paid, or allowed to be paid other creditors when that person knew, or should have known, that the withholding tax or collected tax had not been collected, withheld, or paid over.

5. Where a legal entity, or any organization other than a personal business enterprise, has failed to withhold, collect, or pay over a pension contribution, any person responsible for withholding and paying to the Kosovo Pension Savings Trust such pension contributions, and who willfully fails to withhold any such contributions or who willfully fails to pay any withheld contributions shall be personally liable from his or her own assets for the amount of the contribution not withheld or not paid over to the Trust. For the purposes this paragraph, willfulness shall be determined if the person(s) deemed responsible paid, authorized to be paid, directed to be paid, or allowed to be paid other creditors when that person knew, or should have known that the pension contributions had not been collected, withheld, or paid over.

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. As defined in this law, the term 'tax' includes tax and contributions payable to TAK.

7. The liability provided in paragraphs 4 and 5 of this Article may be assessed against one or more persons deemed to be responsible for the failure of the legal entity or other organization to withhold, collect or pay over a withholding or collected tax. However, 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 by any entity, organization, responsible person, or combination thereof, any remaining tax amounts due from responsible persons shall be abated and any liens filed shall be released. As defined in this law, the term 'tax' includes tax and contributions payable to TAK.

8. The Minister shall issue a sub-legal act to describe the application of this Article and procedures to be followed in establishing third-person liability.

Article 27 **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 TAK under the legislation applicable in Kosovo shall, without notice or demand from TAK, pay such tax at the time and place specified in such legislation or implementing rules.
3. Any person who is made responsible by the taxpayer to withhold, account for and pay over any tax on behalf of that taxpayer under the legislation applicable in Kosovo shall, without notice or demand from TAK, pay such tax at the time and place specified in such legislation or implementing rules.
4. Each employer who is required to make pension contributions on behalf of its employees and to withhold pension contributions from its employees pursuant to legislation in force with respect to pensions in Kosovo shall pay such contributions at the time specified in such legislation or implementing rules.
5. Self-employed persons who are required to make pension contributions pursuant to legislation in force with respect to pensions in Kosovo shall pay both the employer contribution and the employee contribution on their behalf at the time specified in such legislation or implementing rules.
6. Unless otherwise specified in administrative instruction, all taxes shall be paid to a bank, or other financial institution, licensed by the Central Bank of the Republic of Kosovo (CBK).
7. Notwithstanding any other provision in this Article or in this law, where the amount of tax payable under a tax declaration is three (3) Euro or less, or such other small amount as determined by the Director General, TAK shall treat the tax payable as zero.
8. Unless designated to do so in writing by the Director General, tax officials are prohibited from receiving any payment in respect of any tax.

Article 28 **Interest**

1. If any amount of any tax administered by TAK under legislation applicable in Kosovo is not paid by the last date prescribed for payment, the taxpayer shall be liable for interest.

2. Interest may also be calculated on those penalty amounts that are based on the underlying tax amount under conditions to be described in a sub-legal act to be issued by the Minister. Any interest to be computed shall not start until at least one hundred twenty (120) days after the tax on which the penalties apply has been assessed and the taxpayer has been notified that interest will begin to accrue on penalties if the tax balance remains unpaid. Such interest shall continue from the first day of the month following the one hundred twenty (120) day period, and the first day of each month thereafter, until the penalties to which the interest applies are paid.
3. Interest shall be calculated monthly for each month or part of a month from the date the tax is due up to and including the date the tax is paid.
4. The rate of interest shall be based on, but marginally higher than, the commercial bank interest rate on lending in Kosovo, and shall be determined by the Ministry of Economy and Finance at least once per calendar year and shall be published by TAK.
5. 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.
6. Notwithstanding paragraph 1 of this Article when taxpayers submit a request to TAK for payment of tax by installment agreements, interest shall not accrue from the month following the month in which the agreement is concluded until it is fully satisfied.
7. Failure to comply with the agreement will result in reinstatement of interest due. If a taxpayer requests a subsequent agreement for the same liability, the provisions of paragraph 6 of this Article shall not apply. Procedures and the length of agreement under paragraph 6 of this Article shall be regulated by a sub-legal act.

Article 29

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. sanctions and fines, and
 - 1.4. interest
2. If the taxpayer does not designate the specific tax and specific tax period to which the payment relates, the payment shall be distributed to the earliest liability first, and where necessary, in the order specified in paragraph 1 of this Article.

3. Any payment received from the proceeds of enforced collection activity (such as levy on bank account, sale of seized property, etc.), may be applied in an order considered to be to the best advantage of the Government of Kosovo, notwithstanding the provisions of paragraphs 1 or 2 of this Article.

Article 30 **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 pension contribution due. 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 referred to in paragraph 1 of this Article, the taxpayer is entitled to claim a refund from 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 six (6) years from the date such tax was paid. The location and procedure for claiming a tax refund and determination of adjustment of such refund shall be regulated by sub-legal act.

4. TAK shall action an allowable claim for refund within sixty (60) days from the day TAK received the claim from the taxpayer, by ensuring that details of the amount to be refunded are timely forwarded to the Ministry of Economy and Finance or, in case of pension contributions, to the Kosovo Pension Savings Trust.

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, TAK shall pay to the taxpayer, in addition to the amount determined by TAK to be refunded, interest at a rate prescribed by the Ministry of Economy and Finance. When TAK determines that a refund should not be issued, or it should be withheld for administrative reasons in accordance with applicable law, 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 61st day following the receipt of the claim for refund.

Article 31 **Use of Banks and other Licensed Financial Institutions**

1. With the approval of the Ministry of Economy and Finance Treasury division, TAK may enter into agreements with CBK and other banks or financial institutions licensed by CBK for the banks, or other licensed financial institutions, to receive tax declarations and tax payments.

2. Under such agreements, the banks, or other financial institutions, shall be obliged:

- 2.1. to send payments of tax to the CBK within a specified period of time;
- 2.2. to send tax declarations and other documents to TAK within a specified period of time;
- 2.3. to group the documents in batches with a summary showing for each batch the number of documents it contains and the amount of revenue collected;
- 2.4. to balance the daily collections with a balance control document.

Article 32
Tax that is 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 Director General in his or her official name, where required by circumstances of the case.
2. In any proceedings under this Article, production of a certificate signed by the Director General 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.

Article 33
Liens

1. If a person who is liable to pay any tax to TAK under legislation applicable in Kosovo neglects or refuses to pay that tax within ten (10) days after delivery of an assessment notice, as provided in Article 22 of this law, a lien shall arise on all property, or rights to property, belonging to that person (whether movable, immovable, tangible, or intangible) in an amount equal to the unpaid tax, plus interest, sanctions, and the costs of collection.
2. The lien described in paragraph 1 of this Article shall arise at 5 p.m. on the date the tax is assessed and shall continue until the liability is satisfied or becomes unenforceable.
3. The lien described in paragraph 1 of this Article must be registered with the municipal cadastre office of the Kosovo Cadastre Agency with respect to immovable property and any other office responsible for registering property, or security interests in property, in 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 TAK for release of a lien alleging an error in filing such lien. If TAK determines that the filing of the lien was erroneous, it shall promptly issue a certificate of release of such lien.

5. The Director General may file a civil action in a court of competent jurisdiction to enforce any lien imposed by this Article.

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

7. The lien described 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 (name) as beneficial owner of the business in which the tax debt has been incurred.

8. The lien described 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 will include language to show that it attaches not only to property of the taxpayer, but it also attaches to 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 will be enforceable in the same manner as any other lien provided in paragraph 1 of this Article. A sub-legal act shall be issued to 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. TAK may issue a certificate of discharge of any part of the property subject to the tax lien if:

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

10.2. Such part of the property is sold and, pursuant to an agreement with the Tax Administration, the proceeds of such sale are to be held, as a fund subject to the liens and claims of the Tax Administration, 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 shall be considered to be a fund as that term is used in this sub-paragraph.

10.3. Any reasonable and necessary expenses incurred in connection with the sale of the property under sub-paragraph 10.2 of this Article 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 mandatory payments to be made from the liquidation fund of the Privatization Agency of Kosovo which by law have priority over 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:

11.1. It is specifically provided that, with respect to tax debts owed by Socially-Owned Enterprises which are under the administrative activity of the Privatization Agency of Kosovo (PAK), the tax administration shall record liens with respect to those tax debts as prescribed in paragraph 3 of this Article.

11.2. TAK 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 underlying 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 TAK lien shall attach to the proceeds of the sale of property to which it attached with the same priority as it had in the property, itself, subject to the rules established in Law 03/L-067 on Privatization, or its successor, which govern the priority of claims in those liquidation proceedings.

11.3. where an SOE owes a tax debt, the prohibition against TAK enforcing its lien claim on assets of that SOE shall expire as of midnight on 31 December 2010. After that date, TAK shall have the authority to seize any assets of the SOE which have not been sold by the PAK.

12. The lien described in paragraph 1 of this Article shall lapse 6 years from the date of assessment and the tax due shall no longer be collectible after that date, except in the following circumstances:

12.1. the taxpayer submits an appeal of the tax assessment, in which case the six-year period is extended for the period of time from the date the case is received in TAK Appeals until TAK Appeals has issued its final decision or the period allowed for Appeals consideration has lapsed, plus an additional six months;

12.2. the tax debt or assessment has been placed under the jurisdiction of a competent court or the Independent Review Board for any reason, in which case the six-year period is extended for the period of time from the date the case is received in the court (or Independent Review Board) until the court, or Board, decision is rendered, plus an additional six months;

12.3. the taxpayer is a Socially-Owned Enterprise (SOE) subject to privatization by the Privatization Agency of Kosovo (PAK), in which case the six-year period is extended indefinitely and the lien does not expire until 6 months after the final accounting for the distribution of proceeds resulting from privatization has been approved by the competent body;

12.4. the taxpayer is a Central Publicly-Owned Enterprise, or Local Publicly-Owned Enterprise, in which case the six-year period is extended indefinitely and the lien does not expire until the liabilities of the POE are fully satisfied;

12.5. the taxpayer is outside Republic of Kosovo for a period of time in excess of three months, in which case the six-year period is extended for the period of time the taxpayer is outside Republic of Kosovo and for an additional six months after his or her return to the Republic of Kosovo;

12.6. the taxpayer is a budget organization of the central or a municipal government, in which case the six-year period is extended indefinitely and the lien does not expire until the liabilities of the budget organization are paid;

12.7. the taxpayer and TAK mutually agree to extend the period of time for collection by written agreement, the length of which will vary according to taxpayer circumstances, but in general should not exceed an additional twenty four (24) months; or

12.8. the assessment date for computation of the six-year collection period shall be the date of the assessment notice issued per Article 22 of this law.

Article 34

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, it shall be lawful for the Director General or officer authorized in writing by the Director General, to 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 (whether in the physical possession of the taxpayer or a third person).

2. In order to seizure on property, an authorized officer shall deliver a notice of seizure to any person (including, but not limited to, employers, banks, other financial institutions, or public authorities) in control or possession of property belonging to the taxpayer (whether movable, immovable, tangible or intangible) or who has an obligation to the taxpayer at the time the levy is made. A levy served under the authority of this paragraph shall be considered to be a continuous levy if, at the time it is served, it is accompanied by a copy of a tax lien recorded at the Pledge Registry, or such registry as may be a successor to the Pledge Registry, and the receiver of the levy is advised in writing that the levy must be considered to be a continuous levy extending from the date the levy is first served until the date on which the tax, and all additions and accruals, is fully paid, or the levy is released, whichever is the earlier.

3. In the case of property consisting of accrued salary or wages, the authorized officer shall deliver a notice of seizure to an officer or employee who has the duty of paying the salary or wages.

4. The seizure notice shall state:

- 4.1. the taxpayer whose property is being seized;
- 4.2. the location of the property;
- 4.3. the type of liability;
- 4.4. the tax period for which the liability arose; and
- 4.5. the amount of tax assessed.

5. Subject to paragraphs 2 and 3 of Article 82 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. This deadline is valid from the date of seized property until the sale of seized property.

6. If an authorized officer makes a determination that the collection of tax is in jeopardy, notice and demand for the immediate payment of tax may be made by such officer and, on the failure or refusal to pay the tax, collection thereof by levy shall be lawful without regard to the ten (10) day period in paragraph 1 of this Article, the thirty (30) day period in paragraph 5 of this Article and the timeframes specified in to paragraphs 2 and 3 of Articles 82 of this law.

7. Notwithstanding the provisions of paragraph 2 of this Article, a levy on salary or wages payable to or received by a taxpayer shall be continuous and extend from the date such levy is first made until the liability out of which such levy arose is satisfied or becomes unenforceable.

8. Whenever any property on which the levy has been made is not sufficient to satisfy the claim for which levy is made, an authorized officer may, thereafter, and so often as may be necessary, proceed to levy other property liable to levy until the amount due from such person, together with all expenses, is fully paid.

Article 35 **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 (or discharge such obligation) to the authorized officer, 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 or refuses to surrender any property subject to levy on demand of the designated officer shall be personally liable to the government 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, sanctions, and costs), as if it were an understatement of tax. Imposition of this sanction does not relieve the person on whom the levy was served of their obligation to surrender property subject to the levy that was served on that person in accordance with paragraph 1 of this Article.

3. In addition to the personal liability imposed in paragraph 5 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 55 of this law.

Article 36 Sale at Public Auction

1. TAK may sell at public auction any property seized pursuant to this law.
2. Procedures for selling at public auction shall be regulated under a sub-legal act.

Article 37 Other Provisions Related to Enforced Collection

1. Only that property necessary and sufficient to meet the taxpayer's current tax obligations may be subject to enforced collection action.
2. The following forms of a taxpayer's property shall be exempt from levies and seizures:
 - 2.1. child support and social assistance payments;
 - 2.2. essential clothing;
 - 2.3. basic food;
 - 2.4. basic furniture;
 - 2.5. basic personal effects, excluding luxury items; and
 - 2.6. any other property specified in an administrative instruction.
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 33 of this Law. If collection action, other than recordation of a lien, has been initiated against a specific asset, the TAK is authorized to complete that collection action even though it may extend beyond the six-year statutory period or statutory period as extended per paragraph 12 of Article 33 of this law.

4. Without prejudice to any other provisions of this Law, authorized officials of the Tax Administration may require a taxpayer, or his or her authorized representative, to provide a statement of assets under oath at a time and place designated by the tax administration. Such statement of assets shall include the following:

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 recordation of any security interests in any of the assets;

4.5. all sources of current income, such as employers, bank accounts, accounts receivable, etc.

5. Without prejudice to any other provisions of this Law, authorized officials of the tax administration may require any person believed to have information relevant to the collection of a tax debt to provide a statement under oath related to the collection of such tax debt at a time and place designated by the tax administration.

6. Enforcement of paragraphs 4 and 5 of this Article shall be through presentation of facts and circumstances to a competent court, which may issue an order compelling the appearance and testimony of those persons described in paragraph 4 of this Article. 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 paragraphs 5 and 6 of this Article, shall be liable for such fines, penalties, or other sanctions (including incarceration) as may be prescribed by the competent court. Such fine, penalty, or sanction shall not be less than five hundred (500) Euros.

Article 38

Recovery of tax from partners and members of unincorporated associations

The Director General may recover from any of the partners of a general partnership any tax, together with interest, sanctions and costs, due from the partnership, as provided in the Law on Business Organizations.

Article 39
Jeopardy Orders

1. Where the Director General considers that payment of tax that will become due is at risk because a person is about to depart Kosovo, to cease business or to transfer property, or is in jeopardy for other reasons, the Director General 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;

1.4. to set aside the money until such time as the Director General issues a notice under Article 21 of this law or withdraws the notice issued under this Article.

2. Any person who fails to set aside money as required under paragraph 1 of this Article shall be liable to a sanction under paragraph 2 of Article 55 of this law.

Article 40
Embargo on imports and exports

1. In any case where a person who is liable to pay any tax neglects or refuses to pay within 10 days after delivery of an assessment notice or where the Director General considers that payment of tax is in jeopardy under Article 39 of this law, it shall be lawful for the Director General or an officer authorized in writing by the Director General, to request in writing from the Director General of the Customs Service that an embargo be placed on the release of any imports or exports by that person.

2. Any request made to the Director General of the Customs of Kosovo under paragraph 1 of this Article shall remain valid until the Director General advises the Director General of the Customs Service in writing of a decision to terminate the request.

Article 41
Departure prohibitions

1. The Director General of TAK may request that the Border Police of Kosovo or other authority take such steps as necessary to prevent a person from leaving Kosovo under the following conditions:

1.1. The Director General must have reason to believe that the person is about to depart Kosovo, and such departure presents an immediate danger to the budget of Kosovo because the person has failed to pay tax debts of more than five thousand (5,000) € or

has failed to submit one or more required tax declarations representing an unknown amount of tax liability;

1.2. The Director General must submit a written request to the Head of the Border Police justifying the request to prevent the person from departing Kosovo; and

1.3. Without undue delay following the request to the Head of the Border police, the Director General of TAK must request a hearing before a competent court with jurisdiction over such matters and request a court order authorizing the Border Police to prevent the person's departure under the conditions described in the court order.

2. Upon receipt of the request described in sub-paragraph 1.2 of this Article, the Head of the Border Police shall take such steps as necessary to prevent the subject person from departing Kosovo pending the issuance of an order from the competent court as provided in sub-paragraph 1.3 of this Article. If such order has not been issued within forty eight (48) hours from the time the subject person was initially prevented from departing Kosovo, the person shall be allowed to depart Kosovo without further action by the Border Police.

3. Upon receipt of an order from a competent court, which authorizes the Border Police to prevent the departure of a person, the Border Police shall take such steps as necessary to prevent the person from leaving Kosovo until the conditions prescribed in the order have been met.

4. If before the expiration of the period of time authorized by the judge or prosecutor for preventing the person from departing Kosovo, the person may be allowed to depart Kosovo if that person:

4.1. makes payment in full; or

4.2. submits all past due declarations with payment in full;

4.3. makes an arrangement satisfactory to the Director General of TAK for payment of the tax or submission and payment of all past due declarations; or

4.4. provides a full statement of assets, under oath, as provided in paragraph 4 of Article 37 of this law, which indicates that the person has no ability to pay the tax debt, or assets from which the tax can be collected, or identifies assets from which collection of the tax debt, partially or in full, can be made.

5. Once the person has met the conditions for departure as provided in the court order, TAK must inform the Border Police without undue delay.

Article 42
Transfers of Assets

1. TAK shall have the authority to transfer an assessment of tax to another entity following a transfer of assets (movable or immovable) 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,

1.4. TAK has notified the taxpayer and the other entity of the determination that the transfer of assets will result in an assessment against the third party and provided the third party their appeal right.

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 assets (movable or immovable) has been made after a tax administration lien as provided in Article 33 of this law 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 provided in Article 34 of the Law.

5. The procedures to be followed in establishing an assessment against another entity recipient of transferred assets will be determined by a sub-legal act.

Article 43
Uncollectible Tax Debts

1. TAK 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, an inability to locate a taxpayer or his/her assets; business operations that have ceased with no remaining assets; a deceased taxpayer where there is no transfer of assets from which the tax debt may be collected; a business that has been adjudicated bankrupt and all collection measures have been undertaken; a taxpayer that has no ability to pay the tax debt based on a complete analysis of the taxpayer's financial situation; and 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 upon request by an authorized official of the government.

3. Where a tax liability has become uncollectible as a result of the expiration of the collection statute as provided in Article 33 of this law, TAK may clear those liabilities from its records, and cancel the tax debt, when the provisions of Article 33 and paragraph 3 of Article 37 of this law have been met, without further authorization. TAK shall include in its annual report to the Minister and competent bodies the amount of debts cancelled because of this provision.

Article 44

Illegal Acts

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

3. Any official of TAK shall inform the public prosecution office through official channels to the Head of the Tax Investigation Unit without undue delay about all findings of a suspected illegal act pursuant to paragraph 2 of this Article. However, officials of the TAK Office of Professional Standards shall follow their own channels for reporting such information to the public prosecution office.

4. The public prosecution office shall inform TAK 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 (central or municipal), that, in the course of the exercise of their official duties, has become aware of facts that suggest that a tax offense has been committed, is obligated to report those facts to the TAK authorities responsible for criminal tax proceedings through the official channels of that public authority.

Article 45

Director General may re-characterize arrangements

1. For the purposes of determining tax liability under the tax legislation applicable in Kosovo, the Director General may:

1.1. disregard a transaction that does not have substantial economic effect;

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

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

2. The Director General shall notify the taxpayer of any disregard or re-characterization under paragraph 1 or this Article.

Article 46 **Transactions between Related Persons**

1. In any transaction between related persons, the Director General 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 Director General may adjust the sales price between such persons to reflect the market value that would have occurred if the persons had not been related.

Article 47 **Exchange 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 must 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 Director General may adjust the value of the transaction to reflect market values.

3. All persons engaged in a trade or business, who are taxed on income real bases and making purchases of goods or services (or receiving goods or services in a barter transaction) from another taxable person totaling five hundred (500) Euros or more in any taxable year, shall render a true and accurate return reporting of such purchases to the TAK. Purchases made by the Government and the municipalities of Republic of Kosovo are also subject to these reporting requirements. Obligatory annual declarations under this article must be submitted at the Tax Administration not later than March 31 of the following year.

4. When necessary to make effective the provisions of this section, the name, address and Taxpayer Identification Number (fiscal number) of the seller of goods or services shall be furnished upon demand of the purchaser.

5. Each entity, except for governmental and municipal, required to submit information returns under this article, which fails to submit the information return, shall be subject to a penalty up to five hundred (500) euro.

6. The Minister shall issue a sub-legal act setting forth the format in which the above reports are to be submitted to the TAK, including the ability to mandate conditions under which forms must be submitted in an acceptable electronic format.

Article 48

Understatements of Income and Diverted Receipts

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.

Article 49

Sanctions for Non-Compliance

Any sanction imposed under Articles 50 to 61 of this law shall be considered as duty to TAK.

Article 50

Administrative Penalty with respect to Fiscal Certification

1. Any person who performs an activity without being provided with a Fiscal Certificate or without being registered with TAK, under criteria defined in Article 11 of this law shall be liable to a penalty up to five hundred (500) Euro.
2. When it is determined that a taxpayer carries out an activity without a fiscal number, then TAK shall issue a fiscal number and apply the penalty as defined in paragraph 1 of this Article.
3. In addition, TAK shall provide the business registry of the details of the un-registered business.

Article 51

Administrative Penalties with respect to Failure to File and Pay

1. When a person required to submit a tax return under the applicable legislation in Republic of Kosovo fails to do so by the due date, such person is subject to an administrative penalty of five percent (5%) of due tax for each month or part of the month that is late, with a maximum administrative penalty of twenty five percent (25%) of tax due.

2. When a person required to pay tax under the applicable legislation in Republic of Kosovo fails to pay the full or part of such tax by the due date, such person is subject to an administrative penalty of one percent (1%) of tax due for each month or part of the month that payment is late, up to maximum twelve months (12).

3. The administrative penalty provided in paragraph 2 of this Article shall not be applied for any month or part of the month during which the administrative penalty provided in paragraph 1 of this Article is applied.

Article 52

Administrative Penalties Related to Understatements of Tax and Overstatements of Tax Refunds

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 to which they are entitled, such person shall be liable to an administrative penalty 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 10% or less; 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 under 52.1.1 is more than 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 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.

Article 53

Failure to Submit, Create or Provide Records

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 twenty five (125) Euros for each statement not submitted, or each inaccurate or incomplete statement, up to a maximum of two thousand five hundred (2,500) Euros.

2. Any person who is required to create or retain records, including the requirement to place the fiscal 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 an administrative penalty as follows:

- 2.1. entities with annual turnover in up to thirty thousand (30,000) Euros– an administrative penalty of one hundred twenty five (125) Euros;
 - 2.2. entities with annual turnover from thirty thousand (30,000) Euros up to two hundred thousand (200,000) Euros – an administrative penalty of two hundred fifty (250) Euros;
 - 2.3. entities with annual turnover from two hundred thousand (200,000) Euros up to 500,000 Euros – an administrative penalty of five hundred (500) Euros; or
 - 2.4. entities with annual turnover of five hundred thousand (500,000) Euros and above – an administrative penalty of one thousand (1,000) Euros.
3. The base for calculating the administrative penalty 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 should be entered into the books of account for purposes of the penalty provided in paragraph 2 of this Article will be regulated with a sub-legal act.
 5. Any person who is required to provide access to books or records or otherwise comply with Articles 14 and 15 of the law, and who fails to do so, shall be liable to an administrative penalty of one hundred (100) Euros for each day of default following the date specified by TAK. In such cases, TAK may also request a warrant from a judge authorizing the entry or access sought under Articles 14 or 15 of this Law.
 6. Any person who is required to utilize a fiscal electronic device for the recordation of transactions made in the course of their economic activity, and who fails to issue a receipt from such fiscalized equipment to their customer, shall be liable for a fine determined in accordance with the provisions of paragraph 2 of this Article. In the event of equipment or power failure, hand-written receipts which have been approved by the tax administration must be issued in lieu of a receipt issued by a fiscal electronic device, subject to the penalty prescribed in this paragraph.
 7. All consumers making purchases of goods or services are required to request a receipt issued by a fiscal electronic device as described in paragraph 6 of this Article. The tax administration has the authority to verify consumer compliance with this requirement. Any consumer who leaves a business premises after making a purchase of goods or services without requesting a receipt reflecting the purchase of those goods or services shall be subject to a fine of twenty (20) €.
 8. The Minister shall issue a sub-legal act to prescribe the procedures through which the provisions of paragraphs 6 and 7 of this Article will be implemented. The Minister may

establish such consumer incentives as appropriate to stimulate consumer compliance with these provisions.

Article 54
Penalties for failure to withhold tax

1. Any taxpayer who fails to withhold and to pay over a withholding tax, shall be liable to an administrative penalty 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 a pension contribution, to the Kosovo Pension Savings Trust shall be liable to an administrative penalty of twenty-five percent (25%) of the difference between the correct amount to be paid over and the amount of tax actually paid over.

Article 55
Failure to surrender property subject to levy and setting aside money

1. Any person who fails or refuses to surrender any property subject to seizure without reasonable cause under paragraph 3 Article 35 of this Law shall be liable for an administrative penalty equal to fifty percent (50%) of the amount recoverable under paragraph 2 Article 35 of this law.
2. Any person who fails to set aside money as required under paragraph 1 of Article 39 of this law shall be liable to an administrative penalty equal to that amount of money in question.

Article 56
Administrative Penalty for errors by Taxpayer Representatives, Tax Advisors, r other Persons acting on behalf of a taxpayer

Any person who signs a tax declaration on behalf of another person, who makes an error on such declaration, shall pay an administrative penalty of one hundred twenty five (125) Euros. The penalty will be imposed only if the error is the result of negligence or willfulness on the part of the person signing the tax declaration.

Article 57
Administrative Penalty for Failure to Install Fiscal Electronic Device for capturing and recording transactions

1. Any person required to use a fiscal electronic device (FED) to record all transactions made in the course of their economic activity, who fails to install such an electronic device, shall be subject to an administrative penalty of one thousand (1,000) Euros for each such failure.

2. If a person required to install a FED repeatedly, after having been issued three or more fines for failure to install an FED, fails to install an FED, the tax administration shall be authorized to take such steps as necessary to cancel the taxpayer's fiscal number and VAT certificate, if applicable, followed by a request to the Business Registration Agency to de-register the business.

3. If a person described in paragraph 1 of this Article attempts to circumvent the FED, or tampers with the programming of the FED or data to be entered into the FED, in order to record incorrect data in the FED, such person shall be subject to an administrative penalty in the amount of one thousand (1,000) €.

Article 58

Administrative Penalties with regard to VAT

1. A taxpayer who makes supplies without being registered for VAT shall be liable for the VAT due on those supplies plus an administrative penalty 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 sales of less than ten thousand (10,000) 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 sales of ten thousand (10,000) 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 an administrative 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) Euros or issuing an incorrect invoice that is more than five hundred (500) 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 an administrative penalty of two hundred fifty (250) Euros for each violation:

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 when required to do so under applicable law; or

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

4. A taxpayer registered for VAT who allows another person to use its unique VAT registration certificate shall be liable to an administrative penalty of up to five thousand (5000) Euro. The person using a VAT Certificate belonging to someone else will be liable for the same administrative penalty. In addition to the administrative penalties, such cases shall be presented by the Tax Investigation Unit to the Public Prosecutor for criminal prosecution.

Article 59 **Administrative Penalty for goods without origin**

Where a person engaged in economic activity possesses goods without origin, that person shall be liable to an administrative penalty of twenty-five percent (25%) of the market value of the goods. Such goods 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 21 of this law shall be followed, and the procedures for seizure and sale of these goods shall be governed by the provisions of Articles 34, 35, and 36 of this law. The Director General may issue a jeopardy order as provided in Article 39 of this law.

Article 60 **Penalty for Civil Fraud**

1. Where the Public Prosecutor is required to decline prosecution because of legal time constraints, the TAK, based on the assessment authority granted to the Director General, may assess if exist legal base for administrative penalty on the person(s) liable in the amount of fifty percent (50%) of the tax which was evaded. The assessment shall be made only after a determination has been made by the Legal Office of TAK that there is a basis for belief that the taxpayer had willfully evaded the tax which was the subject of the referral to the Prosecutor.

2. The determination of the Legal Office under paragraph 1 of this Article shall be transmitted to the Audit Department of TAK for use in assessment of the tax evaded.

Article 61 **Additional sanctions**

The Ministry of Finance and Economy may issue administrative instructions imposing additional sanctions for tax violations, where such sanctions do not exceed a total of five hundred (500) Euros and such additional sanctions do not duplicate sanctions already provided in this law.

Imposition of additional sanctions must be accompanied by a statement justifying the necessity for the additional sanction(s).

Article 62

Reduction in sanctions

1. Where a taxpayer who is liable to one or more of the sanctions set out in Articles 50 to 61 of this law, voluntarily informs TAK of their liability before the taxpayer is first notified of a pending tax investigation by TAK which might have discovered that liability, the maximum financial sanction that may be imposed shall be 25% of the sanction that would otherwise have applied. 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 financial sanction imposed shall be fifty percent (50%) of the sanction that would otherwise have applied.

2. Where a taxpayer with tax liability outstanding:

2.1. enters into a written agreement to pay the tax outstanding through two or more installments;

2.2. fulfills the terms of that written agreement; and

2.3. keeps all other tax obligations up to date throughout the course of that agreement; the financial sanction that would otherwise apply in respect of the late submission and payment under Article 51 of this law will be reduced to two percent (2%) of the tax due and interest incurred under Article 28 of this law will remain payable, unless the provisions of paragraph 6 Article 28 of this law apply.

3. If a person liable to any tax proves reasonable cause, good faith, undue hardship or other grounds that will enhance the effectiveness of TAK, TAK may reduce or waive any assessed, or proposed, penalty on a case-by-case basis.

4. The Director General or his /her delegate shall consider requests for penalty reduction and issue a determination based on the review of all facts and circumstances.

5. For the implementation of this article the Minister shall issue a sub-legal act.

Article 63

Criminal Tax Offenses

1. Whoever, with the intent that he or she or another person evade, partially or entirely, the payment of taxes or pension contributions provided for by the law or evade taxes by gaining unwarranted tax refunds or tax credits, provides false information or omits information regarding his or her income, economic wealth or other relevant facts for the assessment of such obligations

or provides false information relevant for the collection of taxes shall be punished by a fine and by imprisonment of up to five (5) years.

2. In particularly serious cases, a punishment between six months and ten years imprisonment shall be imposed. A case shall generally be deemed to be particularly serious where the perpetrator:

2.1. evaded a sum exceeding twenty thousand (20.000) Euros per obligation and reporting period;

2.2. abuses his or her authority or his or her position as a public official,

2.3. uses the assistance of a public official, who abuses his or her authority or position,

2.4. repeatedly commits acts of paragraph 1 of this Article by using falsified, forged, or fictitious documents;

2.5. acted as a member of a group formed for the purpose of repeatedly committing tax evasion, or

2.6. has repeatedly purposely circumvented the correct operation of a fiscal electronic device.

3. For criminal tax offenses according to paragraphs 1 and 2 of this Article, the general provisions of the Criminal Code of Kosovo shall apply.

4. This provision shall take precedence over Article 249 of the Criminal Code of Kosovo, or its successor article, with respect to criminal tax offenses or evasion of pension contributions.

Article 64 **Voluntary disclosure of criminal tax offenses**

1. Whoever in the cases of Article 63 of this law corrects or supplements incorrect or incomplete information or furnishes previously omitted information for the assessment of taxes and pension contributions shall insofar not be punished in respect of such incorrect, incomplete or omitted information.

2. Paragraph 1 of this Article does not apply where

2.1. before the correction, supplementation or subsequent furnishing of omitted information:

2.1.1. a tax official has already appeared for the purpose of carrying out a tax audit or for the purpose of the investigation of a suspected criminal tax offense, or

2.2.2. the perpetrator or his representative has been notified of a commencement of a tax investigation; or

2.2. the commission of a criminal tax offense already has been fully or partially detected at the time of the correction, supplementation or subsequent furnishing of omitted information and the perpetrator was aware of this or could have reasonably expected this.

3. The waiver of punishment under paragraph 1 of this Article only applies where the taxes and pension contributions evaded to the benefit of the perpetrator, and a penalty of twenty-five percent (25%) of the difference between the correct amount of tax or pension contributions required to be declared and the amount of tax or pension contributions actually declared are paid within the reasonable period of time not exceeding six (6) months from the entry of the information voluntarily disclosed.

4. The decisions on the payment period and the waiver of punishment under paragraph 1 of this Article shall be taken by the Director of the TAK Legal office based on agreement with the Prosecutor's office. In the absence of any agreement between TAK and the Prosecutor's office, the decision shall be made by the Prosecutor's office.

Article 65 **Failure to Report Criminal Tax Offenses**

1. Any tax official who fails to report a criminal tax offence, which he or she has discovered in the exercise of his or her duties shall be liable to punishment by imprisonment of up to five years according to the applicable provisions of the Criminal Procedure Code and Criminal Code of Kosovo.

2. Tax officials, who are not officials of the Tax Investigation Unit, are deemed to have complied with their reporting obligation, if they reported their findings without undue delay in writing through their team leader or regional manager to the designated Head of the Tax Investigation Unit.

Article 66 **Application of the Criminal Procedure Code**

Unless otherwise specified in this law, criminal proceedings for criminal tax offenses shall be governed by the Criminal Procedure Code of Kosovo.

Article 67 **Suspension of criminal proceedings for Criminal Offenses**

The Public Prosecutor may suspend, terminate, or refrain from prosecution of criminal tax offenses according to paragraph 1 Article 63 of this law under the conditions laid down in the applicable chapter of the Criminal Procedure Code of Kosovo, following consultations with the authorized representative of TAK.

Article 68 **Criminal proceedings and taxation procedure**

1. If information obtained during evaluation a taxation procedure forms the basis for a grounds e suspicion that a specific person has committed a criminal tax offense, such person shall be treated as a defendant and shall be entitled to the rights of a defendant under the Criminal Procedure Code of Kosovo.
2. The date and time at which such information was obtained shall be recorded in the official TAK file without undue delay.
3. The suspect shall be informed about his or her rights at the latest when he or she is called upon to reveal facts or supply documents which are related to the criminal tax offense of which he is suspected.
4. The rights and obligations of taxpayers and the TAK in the taxation procedure and in criminal proceedings shall be determined by the regulations which apply to the proceedings in the particular case. Taxpayer's co-operation obligations in the taxation procedure are not suspended, if criminal proceedings are initiated. However, coercive measures against the taxpayer shall be impermissible where this would force him, or her, to incriminate himself, or herself, for a criminal tax offense which he or she committed. This shall invariably apply where an investigation commenced or criminal proceedings have been initiated against him or her for such an act whichever is the earliest. The taxpayer shall be advised of this as it becomes necessary.
5. Where during criminal proceedings the Public Prosecutor or the court receive information from the tax files, which the taxpayer has revealed in compliance with his or her tax obligations before he, or she, became entitled to the rights of a defendant under paragraph 1 of this Article, this information must not be used against him, or her, for the prosecution of a crime that is not a criminal tax offense under Article 63 of this law. This does not apply to offenses mentioned in paragraph 2 Article 84 of this law.

Article 69 **Duration of an investigation of criminal tax offenses**

The period for the completion of the investigation of a criminal tax offense is one year with the possibility of a further extension of such additional time as necessary and justified by the complexity of the case upon the decision of the pre-trial judge.

Article 70
Territorial jurisdiction

Territorial jurisdiction shall be vested in the court within whose territory in according with legislation in force.

Article 71
Participation of the TAK in pre-trial proceedings

1. Where the public prosecutor or the police authorities conduct investigations concerning criminal tax offenses, officials of the Tax Investigation Unit shall be entitled to participate. The Head of the Unit should be informed in good time of the place and time of the investigative actions. The designated official of the Tax Investigation Unit shall be permitted to pose questions to the suspected persons, witnesses and experts.
2. Paragraph 1 of this Article shall apply mutatis mutandis to court hearings.
3. The authorized representative of the TAK shall be informed of any indictment and any application for a punitive order.
4. Where the Public Prosecutor considers the termination of the investigation (Article 224, or applicable successor, of the Criminal Procedure Code of Kosovo) or suspending, terminating or refraining from prosecution according to Chapter 26, or applicable successor chapter, of the Criminal Procedure Code of Kosovo, he or she shall inform the authorized representative of the TAK.

Article 72
Participation of the TAK in the court proceedings

1. The court shall give the TAK through an authorized representative the opportunity to present aspects which are from its perspective relevant to the decision. The TAK shall be informed of the date of the main trial and the date of an extraordinary investigative opportunity according to Article 238, or applicable successor Article, of the Criminal Procedure Code of Kosovo. In the main trial, the authorized representative of the TAK has the right to propose evidence, to put questions to the defendant, witnesses and expert witnesses, to make remarks and present clarifications concerning their testimony and to give other statements and to file motions. In accordance with the provisions of the Criminal Procedure Code of Kosovo the authorized representative of the TAK has the right to inspect the records and documents and objects that serve as evidence.
2. A certified copy of the judgment and other decisions closing the proceedings shall be served on the TAK.

Article 73
Suspending proceedings

1. If a Public Prosecutor or court of jurisdiction is unable to determine whether an act fulfilled the objective legal requirements of a tax provision relevant for the application of Article 63 of this law, the criminal proceedings may be suspended until the taxation procedure is concluded and can no longer be appealed.
2. During pre-trial proceedings the competent public prosecutor shall rule on the suspension. If an indictment has been filed by the public prosecutor the competent court shall rule on the suspension.
3. The period of statutory limitation and the period for the duration of the investigation according to Article 69 of this law do not run for the time during which criminal proceedings are suspended.

Article 74
Tax investigation unit

1. The Tax Investigation Unit shall be the specialized unit within the TAK responsible for:
 - 1.1. the investigation of criminal tax offenses ,
 - 1.2. determining the tax base and carrying out assessments in the criminal tax offense cases,
 - 1.3. the investigation of cases of provision of assistance to perpetrators after the commission of a criminal tax offense according to Article 305, or applicable successor Article, of the Criminal Code of Kosovo and
 - 1.4. uncovering and investigating unknown tax cases prior to any determination that there are grounds for suspicion that a criminal tax offense has been committed.
2. In addition to the powers granted under Article 75 of this law, the officials of the Tax Investigation Unit shall have the powers and the responsibilities that any tax officer authorized by the Director General has in the taxation procedure, such as:
 - 2.1. access to books, records, computers and similar record storage devices as provided for in Article 14 of this law,
 - 2.2. collection of information or evidence as provided for in Article 15 of this law,
 - 2.3. preparations of jeopardy assessments according to Article 21 of this law,

2.4. preparations of requests for embargos on import and export according to Article 40 of this law,

2.5. preparations for the written information for the Border Police for departure prohibitions purposes according to Article 41 of this law.

2.6. having direct access to Kosovo Customs Service during the assessment-clearance of goods of taxpayers.

3. Article 68 of this Law shall be applicable.

4. The Director General may assign or delegate other responsibilities to the Tax Investigation Unit as well he may assign or delegate the responsibilities of the Tax Investigation Unit according to sub-paragraph 1.2 of this Article to tax officials of the inspection units under the supervision of the Head of the Tax Investigation Unit.

Article 75

Powers of the tax investigation unit in criminal proceedings

1. Any official of the Tax Investigation Unit shall have the same powers and responsibilities that police officers have who are authorized to carry out investigative and related functions under the supervision of the public prosecutor (Judicial Police). Any official of the Tax Investigation Unit shall proceed in cases of suspected criminal tax offenses in accordance with the Criminal Procedure Code of Kosovo. They have the right to make direct referrals to the competent public prosecutor.

2. A search order shall be executed by the Tax Investigation Unit, and where required, with the necessary assistance of police officers, generally within forty-eight hours of the issuance of the order. However, upon the request of the competent Public Prosecutor the pre-trial judge may authorize an extension of the execution period for up to four weeks, if this is justified by the complexity of the case.

Article 76

Responsibilities of tax officials

1. If there is a reasonable suspicion that a criminal tax offense has been committed, any tax official dealing with the case has a duty to immediately contact the Tax Investigation Unit and to take all steps necessary to preserve traces and other evidence of a criminal tax offense and objects which might serve as evidence. Tax officials are obliged to follow the instructions of the designated Head of the Tax Investigation Unit concerning the further procedural steps to be undertaken until the proceedings are finally taken over by the Tax Investigation Unit.

2. 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.

3. At the time of taking into possession of the documents or items the tax official shall describe the objects in a record and a receipt which shall specify the document or item shall immediately be issued. A notification thereof shall immediately be sent through the Tax Investigation Unit to the public prosecutor so that he or she can initiate criminal proceedings. The objects taken into possession shall be returned immediately if the public prosecutor finds that there are no grounds for criminal proceedings.

Article 77 **Appeals to the Tax Administration**

1. The Director General shall establish within TAK an Appeals Division responsible for considering appeals by persons who dispute an assessment or decision of the Director General under legislation administered by TAK.

2. A person who disputes a tax assessment or official determination of TAK may appeal to the Appeals Division 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. The Minister shall issue a sub-legal act to define those persons who may submit an appeal to the Appeals Division; the rights to appeal in case of a zero assessment of tax; the binding effects of a decision on other taxpayers that may be affected by the decisions; suspension and adjournment of the proceedings; form, content, and notification requirements of the appeals division; circumstances under which the appeals division is obligated to communicate with the taxpayer or taxpayer representative; the format of the decision document issued by the appeals division at the close of the appeals process; and right of participation in the appeals process by persons who are not the immediate taxpayer, but may be impacted by the appeal decision.

3 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 delay of the deadline shall be compatible with Law No. 02/L-28 On Administrative Procedures.

4. The Appeals Division shall consider the appeal of the taxpayer and shall issue a decision thereon. The decision shall be delivered in writing to the person making the appeal as soon as practicable, but not later than sixty (60) days after the date of appeal.

5. A decision of the Appeals Division, issued in accordance with its delegated authority, shall be the final decision of the Director General and shall be binding on TAK. If new facts become

known following a decision by Appeals, those facts may be used by TAK in making an assessment of any additional tax which may be due.

6. A person who does not agree with a decision of the Appeals Division may appeal to the Independent Review Board within thirty (30) days of receiving notification of the decision of the Appeals Division.

7. If the Appeals Division 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 information from either the taxpayer or the TAK or both. The time limits within which Appeals must make their decision on the case will be suspended from the date the additional information is requested until the date the additional information is received.

8. Where the Appeals Division has not delivered a decision within sixty (60) days of the day on which an appeal was filed, the taxpayer may appeal the assessment or other official determination directly to the Independent Review Board.

Article 78

Establishment of the Independent Review Board

1. The Independent Review Board will be established under this law.
2. Members of the Board shall be proposed by the Government solely on their fitness to perform their functions, and appointed by the Assembly. The term for each of the members shall be two years. One-half of the members shall be replaced at the end of each calendar year.
3. The Board shall consist of a Chief Member and sixteen other members, all of whom are independent of the Ministry of Finance and Economy. At least seven of the members shall be from the Kosovo business community.
4. The Board shall pay such fees for the work of members as relates to the number of days or half days as they shall sit as members.
5. The Assembly may remove one or more members of the Board, with the advice of the Government, if it determines that the member is unfit to execute their functions or is in a position of conflict of interest.
6. The Board is authorized to hire competent staff, acquire equipment necessary to carry out its functions, and establish premises from which it will operate.

Article 79

Role of the Board

1. The Board shall have jurisdiction to receive appeals against:

- 1.1. a decision of the Appeals Division;
- 1.2. a jeopardy assessment under Article 21;
- 1.3. an assessment or other official determination of the Director General where the Appeals Division has not delivered a decision within sixty (60) days under paragraph 8 Article 77 of this law;
- 1.4. official determinations under other legislation in Kosovo that provides for appeals to such Board.

2. The person appealing to the Board shall have the burden of proving that a decision, assessment or determination against which they are appealing is incorrect.

3. In reviewing the decisions, assessments and determinations under paragraph 1 of this Article, the Board shall, subject to paragraphs 4 and 5 of this Article, review the relevant testimony, documents and other evidence presented by the person appealing to the Board and by TAK. The Board shall then make its own findings of fact and conclusions of law.

4. The testimony, documents and other evidence presented by the person appealing to the Board and by TAK shall be limited to the same evidence that was provided in respect of the previous decision, assessment or determination which is being appealed against under paragraph 1 of this Article. No evidence or documentation shall be considered by the Board that is contrary to the provisions of paragraph 8 Article 14 of this law.

5. The decision of the Board shall be issued in writing and shall be binding on both the person appealing to the Board and the Director General unless amended or reversed by a Court. A decision of the Independent Review Board regarding the matter under appeal is a final decision. Any further appeal must be made to a competent court of jurisdiction within the time specified in Article 81 of this law. If new facts become known following a decision of the Independent Review Board, those facts may be used by TAK in making an assessment of any additional tax that may be due.

Article 80

Procedures for the Board

1. The Minister of Economy and Finance may at the request of the Board establish a user fee for persons bringing appeals before the Board.

2. The Chief Member shall nominate an appeal panel of up to three members to hear an appeal brought before it. Cases shall be allocated on a random basis and the members of each panel shall be rotated. Each panel shall consist of one member of the business community, one member with legal qualifications, and one member with economic/accounting/auditing qualifications.

3. In the event that, due to attrition of members, there are an inadequate number of members to establish an appeal panel from among these categories of members, the Chief Member shall be authorized to establish an appeal panel with fewer than three members, but no fewer than two members, each of whom must be from a different category of member.

4. The times and places of the hearings of the Board shall be specified by the Chief Member with a view to securing a reasonable opportunity for persons to appear before the Board with as little inconvenience and expense as practicable.

5. Within sixty (60) days from the date of receipt of an appeal, an appeal panel must be appointed and must review the documentation as provided in paragraph 3 of Article 79, including holding any hearings necessary to consider the matter under appeal. The appeal panel shall issue its decision not later than thirty (30) days from the date any review hearing was held, but not later than ninety (90) days after the appeal was received by the Board. If a Board decision is not made within the ninety (90) day period provided by this paragraph, the appellant may submit an appeal directly to the competent court through administrative conflict provisions.

6. The provisions of paragraph 5 of this Article apply only to cases received after the effective date of this law. Cases, in existence in the Board on the date that this law came into effect, shall be dealt with and closed as expeditiously as possible. All cases in existence in the Board on the date this law comes into effect must be resolved no later than 1 September 2011.

7. No member shall sit on an appeal panel where there is a likelihood of a conflict of interest by virtue of family relationships, business relationships or any other factors.

8. Members of the Board shall maintain the confidentiality of all taxpayer information and data obtained. This obligation shall continue even after their term of appointment has ended.

Article 81 Judicial Review

1. Decisions of the Board may be appealed to a court of competent jurisdiction provided that such appeals are initiated within sixty (60) days of receiving notification of the decision of the Board. A decision of the court of competent jurisdiction regarding the matter under appeal is a final decision. If new facts become known following a decision of the court, those facts may be used by TAK in making an assessment of any additional tax that may be due.

2. At the discretion of the Court, if it appears that the appeal to the court is not reasonable, or has little or no legal basis, the Court may require the person making the appeal to post a bank guarantee or other acceptable form of guarantee, prior to the Court's consideration of the Appeal. If the Court is satisfied that the appeal has a reasonable legal basis, no payment or guarantee will be required.

Article 82
Obligation to Pay During Appeals Proceedings

1. Whether or not a person has lodged an appeal to the Appeals Division or the Independent Review Board, tax due under this law shall remain due and payable.
2. Notwithstanding paragraph 1 of this Article, tax collection through levy on immovable property is prohibited until the time within which a taxpayer may appeal to the Independent Review Board under paragraphs 6 of Article 77 of this law, or until the Independent Review Board has made a decision under paragraph 5 of Article 80 of this law, whichever is later. Any taxpayer wishing to forestall collection action prior to making an appeal to the Independent Review Board, may submit a bank guarantee, or other form of security acceptable to the tax administration, in an amount sufficient to cover the tax, penalty, and interest due at the time of obtaining the required security, plus such additional tax, penalty, and interest as may accrue during any subsequent proceeding.
3. 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 5 Article 34 of this law, or until the conclusion of the appeal procedures (other than Article 81) 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 4 of this Article, or deducted from the amount outstanding under paragraph 5 of this Article, as appropriate.
4. 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 of Economy and Finance 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 of Economy and Finance for payment.
5. If a matter that is appealed is finally resolved in favor of TAK, the taxpayer shall pay outstanding tax, sanctions and interest accrued until the matter was resolved.

Article 83
Taxpayer Representatives

1. Taxpayers may participate in any aspect of a tax proceeding through a taxpayer representative.
2. For legal persons, taxpayer representatives may include the proprietor of a business activity, the president, director, 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 physical persons, taxpayer representatives may be an attorney, certified accountant or other agent with written authorization to represent the taxpayer.
4. The authority 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 his or her personal right to participate in such proceedings and shall not deprive TAK of access to the taxpayer.
6. A person who is a non-resident taxpayer under the applicable tax legislation must inform TAK of its taxpayer representative within three weeks after it begins generating income or acquiring property in Kosovo.

Article 84

Confidentiality of Tax Information

1. Any tax official or any other person who has, in the execution of his or her official duties, 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. In addition to any other sanctions which may be imposed, such person shall be punishable in accordance with the applicable provisions of the Kosovo Criminal Code.
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 and Economy, 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 Statistical Office for use in compiling statistics or for other analytical purposes provided that the information disclosed from tax proceedings is in a form that does not identify specific taxpayers. If, at the direction of the Minister, information is to be provided to the Kosovo Statistical Office that includes taxpayer identification information, the Kosovo Statistical Office must provide a written certification that the individual identity of taxpayers will not be disclosed in any reports issued and that the information regarding individual taxpayers will not be used for any purpose other than statistical analysis. The Kosovo Statistical Office must include with its certification an acknowledgement that the confidentiality requirements and sanctions provided in paragraph 1 of this Article apply to officials of that office with respect to the taxpayer information provided. If it is determined that the individual information provided to the Kosovo Statistical Office has been abused, TAK may refuse to provide such information in future years.

2.3. the Kosovo Pension Savings Trust for a purpose authorized by legislation and regulations in force regarding pensions in Kosovo;

2.4. the Ombudsperson Institution established under legislation and regulations in force regarding the Establishment of the Ombudsperson Institution in Kosovo, for use in resolving taxpayer complaints;

2.5. the Public Prosecution office or the competent law enforcement agencies for the prosecution and or investigation of cases of suspected money laundry and terrorist financing and, except as provided in sub-paragraphs 2.13 and 2.14 of this Article, for the investigation of other criminal offenses in Kosovo where prior approval from the Court has been obtained;

2.6. the Courts for use in tax cases;

2.7. the Business Registration Agency for maintenance of the business registry. 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.

2.8. the Audit Office of Kosovo for the purpose of auditing TAK pursuant to legislation and regulations in force regarding the Auditor General in Kosovo;

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

2.10. the tax authorities of a foreign country in accordance with international treaties or agreements;

2.11. the Customs authorities, for purposes of administering the customs legislation;

2.12. 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, registered with the tax administration in order to conduct economic activity.

2.13. the public prosecution office or the competent law enforcement agencies for criminal proceedings for a criminal offense other than a criminal tax offense, if such information was obtained in the course of proceedings for a criminal tax offense . However, this does not apply to such information, which a taxpayer disclosed under his tax co-operation obligations before he became entitled to the rights of a defendant under Article 69 of this Law apart from suspected crimes as mentioned under sub-paragraphs 2.5 and 2.13 of this Article.

2.14. the public prosecution office or the competent law enforcement agencies for criminal proceedings for a criminal offense other than a criminal tax offense punishable by imprisonment of at least five years or by long-term imprisonment 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 Kosovo or is likely to substantially undermine the general confidence in the integrity of business or the orderly functioning of authorities and public institutions.

2.15. the public prosecution office or the competent law enforcement agency by officials of the Professional Standards Office as necessary for the fulfillment of their responsibilities and authority as established under Article 85 of this law.

2.16. the public where 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.

2.17. the public 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.

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.

Article 85 **Keeping the TAK integrity and Anti-Corruption**

1. The Office of Professional Standards (OPS) within TAK shall have the authority to investigate all allegations of TAK employee misconduct, all allegations of internal and external attempts to corrupt tax officials (including bribery attempts), all alleged violations of the TAK Code of Conduct and any other activities of employees or citizens which threaten the security or integrity of the TAK or its employees.

2. For the implementation of paragraph 1 of this Article the OPS will have those authorities granted to tax officials under Articles 14 and 15 of this law in addition to the authority to:

2.1. interview witnesses both inside and outside the Tax administration;

2.2. interview any third person who may have information that will assist in an investigation;

2.3. compel testimony, or other information which will assist in an authorized investigation, including the production of bank records;

- 2.4. prepare reports of investigation with recommendations for prosecution in appropriate cases and submit those reports through the TAK legal office to the Public Prosecutor's office;
 - 2.5. determine whether the matter under investigation should be dealt with administratively or through criminal proceedings;
 - 2.6. assist in the arrest of individuals deemed to be guilty of any act covered by this article, after such action is authorized by the public prosecutor;
 - 2.7. request information from police, courts, registries, municipalities, and other bodies to verify employment application data, financial status and assets, and other purposes related to anti-corruption and internal security investigations of TAK;
 - 2.8. conduct investigations under the supervision of a Public Prosecutor enjoying the status and authorities granted to judicial police and to conduct joint investigations with police and other law enforcement agencies in matters related to internal security, allegations of employee misconduct, and other activities of employees or citizens which may threaten the integrity or security of the tax administration;
 - 2.9. assist police and other law enforcement agencies in investigations which they have initiated related to alleged criminal code violations of TAK employees;
 - 2.10. liaise and exchange information with police and law enforcement agencies for the purpose of ensuring the integrity and security of the tax administration.
3. In case of prevention either by an employee or by any other person in carrying out the authorities as determined by paragraph 2 of this Article, the OPS may request authorization for assistance from the competent Public Prosecutor.
 4. Any official of the OPS who is undertaking an investigation or proceeding in relation to a criminal offense under this article shall conduct the investigation in accordance with the applicable provisions of the Criminal Procedures Code of Kosovo, or its successor. Officials of the OPS are authorized to investigate those offenses enumerated in Chapter 29 (Criminal Offenses against Public Duty) of the Criminal Code of Kosovo, or its successor.
 5. The Office of Professional Standards shall have the authority to conduct administrative background investigations of prospective and current employees of the tax administration to verify information on their job application, such as, but not limited to, their educational status; whether they have a criminal record, or not; prior experience, to include contact with previous employers; other employment or self-employment activities; and such other verifications as deemed appropriate. Such administrative investigations are authorized whether there is a suspicion of a crime having been committed, or not. Such investigations may be undertaken without the authorization of a prosecutor, until the investigator develops a suspicion of a crime having taken place. If the investigation determines that the employee has provided incorrect or

false information, the Office of Professional Standards shall report the facts and circumstances to the TAK Disciplinary Committee for actions as they deem necessary.

6. The OPS shall have the authority to review the financial disclosure statements of any TAK employee, except the Director General, and to conduct such inquiries as necessary to confirm information on the statements. Such inquiries shall be considered to be administrative in nature, unless the OPS has reason to believe that the information provided is false or has purposely been misstated, in which case their suspicions must be reported to the Public Prosecutor a subsequent inquiries made under the guidance of the Public Prosecutor. Information obtained by the OPS in the course of their implementation of this paragraph shall be confidential and not subject to disclosure to any person, except as necessary for disciplinary or criminal prosecution purposes. Unauthorized disclosure shall be punishable by a prison term not to exceed five (5) years.
7. Procedures and functions of OPS shall be regulated by a sub-legal act.

Article 86 **Temporary International Measures**

1. Where the existing taxation laws of Kosovo relative to international taxation do not address taxation of international transactions, they may be supplemented by application of the principles of the OECD Model Tax Convention on Income and on Capital.
2. Where the existing tax laws relative to the international juridical double taxation of in command capital of persons in Republic of Kosovo do not address such taxation, the principles of the OECD Model Tax Convention on Income and on Capital shall apply in order to avoid double taxation of such income and capital.
3. Where there are questions regarding interpretation of the Kosovo Law on Value Added Tax, the law shall be interpreted in line with the principles of the European Union VAT System Directives and the judgments of the European Court of Justice.
4. In accordance with Article 9 of this law, the Director General may issue public rulings, either in general or on a case-by-case basis, to supplement the provisions of existing income tax or VAT laws in accordance with paragraphs 1 through 3 of this Article. Upon entering a mutual tax convention with a contracting state, rulings under this Article with respect to transactions between Republic of Kosovo and that contracting state will no longer be authorized.

Article 87 **Sub-Legal Act**

The Minister of Economy and Finance shall have the authority to promulgate, in writing, implementing regulations (sub-legal acts) of general applicability as may be necessary and appropriate to further the proper, reasonable and uniform interpretation and application of this law. Such implementing regulations shall be administered and applied by the TAK. No such implementing regulation shall have or be given any legal effect until properly published in the

Official Gazette of Kosovo and otherwise made publicly available by the TAK in accordance with the Law on Access to Official Documents.

Article 88
Proposal, Nomination and Approbation of Director General of TAK following consent by the ICR

1. Until the end of the international supervision of the implementation of the Comprehensive status proposal for Kosovo status settlement, dated 26 March 2007, the appointment procedure of the Director General of Customs should be the following:
2. Director General of the TAK shall be proposed by Minister of Economy and Finance, based on recommendations of established committee, and shall be appointed by the Prime minister of Government of Republic following consent by the International Civilian Representative (ICR).
3. The Government shall have the power to dismiss, suspend or restore the Director General following consent by the International Civil Representative (ICR).

Article 89
Applicable Law

1. This law shall replace Law 2004/48 as amended by Law 03/L-071 on Tax Administration and Procedures and it shall supersede any provision in the applicable law which is inconsistent with it.
2. The provisions of the Law on Tax Administration and Procedures shall have priority over the provisions of the Law on Administrative Procedures to the extent of procedures regulated by the Law on Tax Administration and Procedures.

Article 90
Entry into Force

This Law shall enter into force in the day of its publication by the President of Republic of Kosovo.

Law No. 03/L-222
12 July 2010

President of the Assembly of the Republic of Kosovo

Jakup KRASNIQI