



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

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**Law No. 04/L-159**

**ON ECONOMIC ZONES**

**Assembly of Republic of Kosovo,**

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

Approves:

**LAW ON ECONOMIC ZONES**

**Article 1**  
**Purpose of Law**

This Law aims at establishment of the economic zones, free economic zones, creation of the basis for drafting the national plan for economic zones, site of economic zones, way of use of economic zones, promotion of economic zones, drafting of national plan for economic zones and establishment of national council for economic zones.

**Article 2**  
**Scope**

This law shall specify the rights and obligations of developers, users/operators and other subjects that exercise activities related to economic zones, type of activities carried out in economic zones, and ways of moving goods through them, as well as fiscal facilities foreseen within them.

### **Article 3 Definitions**

1. Terms used in this Law shall have the following meaning:
  - 1.1. **Government** – the Government of the Republic of Kosovo;
  - 1.2. **Ministry** - the respective Ministry for Trade and Industry,
  - 1.3. **Minister** - the Minister of respective Ministry of Trade and Industry,
  - 1.4. **Economic Zone** – a territory, which has a special economic status, as specified below:
    - 1.4.1. **Free Zone** – a free zone determined under the Customs and Excise Code of the Republic of Kosovo.
    - 1.4.2. **Industrial Park** – a separate territory in compliance with a general plan, equipped with necessary infrastructure such as roads, transport and public services, with or without industrial buildings, previously built, designated for industrial development.
    - 1.4.3. **Technological Park** – a separate territory under a certain plan, designed to accommodate the enterprises with high technological level, which usually has close relations with University or can be located near the University complex.
    - 1.4.4. **Business Incubator** – a building which provides physical and business space for young entrepreneurs and those who for lack of space can not expand their capacities. It can be build inside or outside economic zones.
  - 1.5. **Customs depot** – a customs depot determined under the Customs and Excise Code of the Republic of Kosovo.
  - 1.6. **Applicant** - any natural or legal person, national or foreigner, who under this Law submits a request for obtaining the right to develop an economic zone.
  - 1.7. **User** - natural or legal person, national or foreigner, who invests and exercises economic activity in the economic zones, in accordance with the provisions of this law and other sub-legal acts that regulate this field.
  - 1.8. **Establisher** – public institution which under this law establishes the economic zone.
  - 1.9. **Council** – National Council for Economic Zones.

**Article 4**  
**The Purpose of Establishing Economic Zones**

1. The establishment of economic zones intends to:
  - 1.1. stimulate and encourage investments in Kosovo by providing the investors with suitable infrastructure for the development of business activities;
  - 1.2. attract private investments in production activities;
  - 1.3. help in overall economic development in Kosovo, private sector in particular;
  - 1.4. open new job opportunities and create income;
  - 1.5. concentrate businesses in a certain place and promote them;
  - 1.6. extend cooperation between businesses;
  - 1.7. create business conditions for easier access to transport, energy supply, water and business support services that support business;
  - 1.8. increase competition in domestic and international business;
  - 1.9. attract advanced technologies and increase competitiveness of domestic products and services;
  - 1.10. speed up regional development and enhance economic connections of Kosovo market with the international one;
  - 1.11. speed up the movement of goods and capital;

**Article 5**  
**Establishment of Economic Zones**

1. Economic zones are established by the decision of the Government of Kosovo based on the proposal of the Ministry and after the consultation with the municipality or respective municipalities within the territory in which the economic zone is expected to be established.
2. Economic zones may be established by the decision of municipalities within the territory and under their competencies provided for by law.
3. Municipality shall establish the economic zone under paragraph 2 of this Article only after the consent of the Ministry. One or more business organizations as well as one or more business associations of Kosovo may submit the request for establishment of an economic zone to the Ministry or Municipality.
4. The Ministry shall give its consent for the establishment of the economic zone if the proposal for the establishment of economic zone is in accordance with the national plan for

economic zones and if the feasibility study under Article 8 of this Law justifies the establishment of the economic zone.

5. Ministry with sub-legal act shall set forth the procedure for submitting the request for consent, its proceeding and awarding the consent.

## **Article 6** **Establishment of Free Zones**

1. Government shall, by a decision, establish free zones based on the proposal of the Ministry and consultation with the Customs of Kosovo and the municipality in the territory of which the free zone is expected to be established.

2. The respective provisions of the Customs and Excise Code of the Republic of Kosovo shall be implemented for the establishment and administration of the free zone.

3. Free zones that cover or are located in the territory of a city or settlement may not be surrounded if the Government, after consultation with the Customs of Kosovo, considers that such a thing does not impede the administration of the free zone and implementation of the Customs and Excise Code of the Republic of Kosovo.

## **Article 7** **Justification for the establishment of the economic zone**

1. The applicant should justify the establishment of an economic zone based on feasibility study which includes: economical, fiscal, environmental, legal and administrative justification according to which it results that economic, fiscal and social benefits deriving from the establishment of the economic zone surpass the establishment and administrative costs and that the establisher has financial means and administrative capacities required for the construction and administration of economic zone.

2. Ministry by sub-legal act shall set forth the content of feasibility study.

3. The feasibility study, on the basis of which the establishment of economic zone was approved, is a public document.

4. The establisher in cooperation with the municipality where there is the economic zone shall organize public hearing for consultation with public.

5. Ministry by sub-legal act shall set forth the way and procedure for consultation with the public.

## **Article 8** **National plan for economic zones**

1. The Ministry shall, in consultation with the municipalities, Kosovo Customs and groups of interest, prepare the national plan for the development of economic zones in Kosovo, which

includes all municipal and central economic zones which are planned to be built within five (5) years from the approval of this plan.

2. The national plan for the development of economic zones shall be approved by the Government within one (1) year from the entry into force of this Law.

3. Government and municipalities shall be obliged to harmonize their spatial plans with the national plan for the development of the economic zones.

### **Article 9** **Site of economic zone**

1. Site determination of the economic zone shall be done in accordance with the national plan for the development of economic zones approved by the Government and respective municipal and central spatial plans, as well as the legislation into force that regulates the field of planning the use of agriculture land and forests.

2. Economic zones are placed on the land area which is property of the establisher or is entitled to use for the whole duration of economic zone.

3. The economic zone cannot be placed on the land area whose ownership is vague or disputed.

4. The Government and respective municipalities, in accordance with the Law on Expropriation of the Immovable Property, shall be entitled to expropriate the land area which is required for the establishment, construction and development of economic zone.

### **Article 10** **Administration of economic zone**

1. Economic zone shall be administered by the establisher who is obliged to ensure financial means for the establishment and administration of economic zone, including the creation of organizational, spatial, infrastructural, ecological, energy and technical conditions that are necessary for carrying out the business activity in the economic zone.

2. The establisher, in accordance with the Law on Public Procurement, shall be entitled to contract business subjects for carrying out certain works related to the construction and administration of economic zone.

3. The establisher shall be entitled to build and administer the economic zone through public-private partnership under the Law on Public-Private Partnership.

### **Article 11** **Use of economic zone**

1. Economic zone may be given for use for making investments and carrying out business activities after the creation of conditions for carrying out the business activity.

2. The placement of business subjects inside the area of economic zone shall be allowed by the establisher based on the competition and in accordance with terms and conditions provided for in a sub-legal act issued by the Ministry. The competition should be transparent and treat all business subjects fairly and equally.
3. The Ministry by a sub-legal act shall determine the procedure, form and content of the competition.
4. The establisher and the selected business subject under paragraph 1 of this Article shall conclude a contract for the use of economic zone.
5. The contract shall specify the type and volume of investment and business activity as well as the duration during which the user has the right to invest and carry out the business activity in the economic zone.
6. Upon concluding the contract, the user earns the right to use the land area in the economic zone specified in the license as well as the infrastructure necessary for carrying out the business activity. The right to use the land area within the economic zone shall not be longer than ninety nine (99) years.
7. The users of economic zone have the right to make investments and exercise their activity in accordance with the Law and the contract signed with the establisher under this Law.
8. The right of use within the economic zone can not be carried over to a third person without the consent of the establisher or, in case of surveillance of economic zone through public-private partnership, the person authorized for construction and surveillance of economic zone.
9. The right to use a land area within the economic zone shall be terminated upon the expiry or termination of the contract on the use of economic zone.
10. Law on Obligations shall be applied to the contract on the use of economic zone, unless otherwise provided for in this Law.
11. The establisher may delegate his right under this Article to a private operator who through public-private partnership is selected to build or supervise the economic zone.

## **Article 12**

### **Permitted Activities in the Economic Zones**

1. Any business activity, which does not violate the public order, protection of the public health, environment, flora and fauna and national resources of Kosovo and which is not in contradiction with the legislation into force, can be exercised in the economic zones.
2. Operator may also exercise banking and other financial activities, as well as non-life, life, and re-insurance activities in the economic zones.
3. The foreign trade associations may exercise activities in the economic zone based on a contract with the establisher as beneficiary of the parcel, if they are registered in the Republic

of Kosovo for exercising the activity to be carried out in the economic zone and if they meet the requirements specified in this Law.

**Article 13**  
**Facilities for businesses that operate in the economic zones**

1. Government by a sub-legal act shall determine the facilities and conditions applied to businesses exercising their activities in the economic zones.
2. Facilities shall be applied in order to execute the provisions specified in this Law towards attracting new investments in the economic zones.

**Article 14**  
**Register of established zones**

1. The Ministry shall keep a register for all established economic zones.
2. The Ministry by sub-legal act shall specify the content of the register.

**Article 15**  
**Promotion of Economic Zones**

The establisher of economic zone may promote the economic zone in order to attract investors.

**Article 16**  
**Accounting Books and Reporting**

The users of economic zones shall be obliged to keep all registers and accounting books under the legislation into force as well as keep at the disposal of customs and tax bodies their accounting and financial documentation, in order to exercise control whenever they consider it as necessary.

**Article 17**  
**Cooperation with Customs authority and Tax Administration of Kosovo**

The establisher and developer of economic zone cooperate closely with Kosovo Customs and Tax Administration of Kosovo in order to implement this law effectively.

**Article 18**  
**Ending of activities in economic zones**

1. Activities in economic zones shall end if:

- 1.1. the establisher decides to decompose the economic zone;
  - 1.2. the supervising authority does not see as possible the continuation of operation in the economic zone after the expiry of the contract;
  - 1.3. they have no economic effectiveness;
  - 1.4. the establisher's contract for operation in economic zones expires.
2. In case of ending of the operation of economic zone that happens during the period when it is active, the establisher of the free zone or competent court should inform the users of economic zone regarding this decision. The users of the economic zone should notify the responsible bodies regarding the decision and shall end the calculations on facilities which have been subject to the operation in economic zone.

### **Article 19 Business Incubators**

1. The business incubators are facilitating means for businesses, with a managing and support staff whose purpose is to ensure physical space for work and enable support the business with technical service.
2. The business incubator is a dynamic process for the development of the activity of enterprises. The incubators look after the new enterprises by helping them to survive in the initial sensitive period.
3. The Ministry with sub-legal act shall specify the way of the establishment and functioning of the business incubators.

### **Article 20 National Council for Economic Zones**

1. The Government of the Republic of Kosovo shall, upon the proposal of the Minister of Ministry of Trade and Industry, appoint the National Council for Economic Zones.
2. The Council is an advisory body on economic zones policies.
3. The Council shall be composed of the representatives of:
  - 3.1. Ministry of Trade and Industry;
  - 3.2. Ministry of Finance;
  - 3.3. Ministry of Economic Development;
  - 3.4. Ministry of Agriculture, Forestry and Rural Development;
  - 3.5. Ministry of Local Governance Administration;



- 3.6. One (1) representative of Association of Kosovo Municipalities;
- 3.7. Three (3) representatives of business association of Kosovo.
4. The chairman and members of the Council upon the proposal of the Minister of MTI shall be appointed by the Government for a period of four (4) years.
5. The work of the Council shall be public and the Council shall report to the Minister of the Ministry of Trade and Industry.
6. The Council through the Minister of the Ministry of Trade and Industry shall submit the annual report to the Government of the Republic of Kosovo.
7. Administrative and technical works of the Council shall be carried out by the Ministry of Trade and Industry.
8. The Council operates based on the rules of procedure, which shall be drafted by the Council.

#### **Article 21 Punitive Provisions**

1. Legal person or the entity shall be subject to a fine from two thousand (2.000) Euro to ten thousand (10.000) Euro, if it conducts one of the following violations:
  - 1.1. begins the activity in the economic zone before receiving the necessary approval of the respective authorities;
  - 1.2. carries out economic activities in contradiction with the provisions of this Law.
2. The responsible person that represents an entity which conducts a violation based on paragraph 1 of this Article shall be subject to a fine from one thousand (1.000) Euro to three thousand (3.000) Euro.

#### **Article 22 Implementation**

The Ministry shall issue sub-legal acts for the implementation of this Law within one (1) year from the entry into force of this Law.

#### **Article 23 Sub-legal acts applicable till the issue of new sub-legal acts**

1. Provided that they are not inconsistent with this Law and until the issue of new sub-legal acts, for the right and entire implementation of this Law, applicable sub-legal acts shall at present remain into force:

1.1. Administrative Directive No. 2009/14 “For the establishment of the division of economic zones”;

1.2. Administrative Directive No. 2009/23 “For application procedure and criteria for obtaining the decision by the developer”;

1.3. Administrative Directive No. 2009/24 “For relations between responsible institution, developer of the zone and other institutions”;

1.4. Administrative Directive No. 2009/25, “For inspection procedures of economic zones”;

1.5. Administrative Directive No. 2009/26 “About the form, content, validity and tax for issuing the decision”;

1.6. Administrative Directive No 2009/27 “For regulation of the logo, stamp of small and medium enterprises support agency and their usage”.

#### **Article 24 Repeal**

Upon entry into force of this law, there shall be repealed Law No. 03/L-129 On Economic Zones.

#### **Article 25 Entry into force**

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

**Law No. 04/L-159  
14 February 2013**

**President of the Assembly of the Republic of Kosovo**

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**Jakup KRASNIQI**