



UNMIK/REG/2004/52
4 December 2004

REGULATION NO. 2004/52
ON PERSONAL INCOME TAX

The Special Representative of the Secretary-General,

Pursuant to the authority given to him under United Nations Security Council resolution 1244 (1999) of 10 June 1999,

Taking into account United Nations Interim Administration Mission in Kosovo (UNMIK) Regulation No. 1999/1 of 25 July 1999, as amended, on the Authority of the Interim Administration in Kosovo,

Taking into account a communication from the President of the Assembly of Kosovo dated 5 October 2004, conveying the Provisional Institutions of Self-Government's proposed legislation on this matter and emphasizing the need for appropriate legislative action,

Recognizing that UNMIK Regulation No. 2002/4 of 20 February 2002 on Personal Income Taxes in Kosovo imposes a tax on the wages of individuals,

Recognizing that UNMIK Regulation No. 2000/29 of 20 May 2000, as amended, on the Establishment of a Presumptive Tax imposes a tax on the presumed, rather than actual, profit or other income earned by individuals,

For the purpose of establishing a single comprehensive personal income tax in Kosovo covering income from all sources received or accrued by individuals in a manner that is consistent with international best practices and European standards,

Hereby promulgates the following:

Section 1
Definitions

For the purposes of the present Regulation:

(a) “Business activities” means any economic activity entered into for the purpose of making profit, including retail, manufacturing, trade, entertainment, transport, agricultural, vocational, professional and other services;

(b) “Capital assets” means tangible property with a service life of one year or more;

(c) “Dividend” means a distribution by a company to a shareholder:

(i) Of cash or stock with respect to the shareholder’s equity interest in the company; and

(ii) Of property other than cash or stock, unless such property is distributed as a result of liquidation;

(d) “Employee” means 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 agreement, whether in writing or not. An employee includes all public officials and members of legislative, executive, and judicial bodies;

(e) “Employer” means any natural person or entity that pays wages and includes:

(i) A public authority;

(ii) A business organization;

(iii) A permanent establishment of a non-resident person;

(iv) A non-governmental organization;

(v) An international organization, with the exception of the United Nations, its Specialized Agencies and the International Atomic Energy Agency; and

(vi) A natural person who pays wages in the course of carrying out business in Kosovo;

(f) “Entity” means a corporation or other business organization that has the status of a legal person, a business organization operating with public and socially owned assets, a non-governmental organization registered under UNMIK Regulation No. 1999/22 of 15 November 1999 on the Registration and Operation of Non-Governmental Organizations in Kosovo, and a permanent establishment of a non-resident. The term entity does not include a personal business enterprise or a partnership;

(g) “Foreign source income” means gross income that is not Kosovo source income;

(h) “Intangible property” means patents, copyrights, licenses, franchises, and other property that consists of rights only, but has no physical form;

(i) “Kosovo source income” means gross income that arises in Kosovo, as follows:

(i) Wages from work performed in Kosovo;

(ii) Income from business activity where such activity is located in Kosovo;

(iii) Income from the use of movable or immovable property in Kosovo;

(iv) Income from the use of intangible property in Kosovo;

(v) Interest on a debt obligation paid by a resident or a public authority;

(vi) Dividends paid by a resident business organization;

(vii) Gain from the sale of immovable property located in Kosovo; and

(viii) Other income not covered by the above-mentioned subparagraphs arising from economic activity in Kosovo;

(j) “Market value” means the price at which similar goods or services of like quality and quantity would be sold in an arm’s-length transaction;

(k) “Natural person” means an individual;

(l) “Non-resident” means any natural person or entity that is not a resident;

(m) “Partnership” 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;

(n) “Permanent establishment” means a workplace through which a non-resident does business in Kosovo, including plants, branch offices, representative offices, factories, workshops and construction sites;

(o) “Person” means a natural person or entity;

(p) “Personal business enterprise” means a natural person engaged in business who is not an agent or employee of another business activity;

(q) “Principal employer” means the employer the employee designates as such at a time and in the manner set out in an Administrative Instruction to be issued by the Ministry of Finance and Economy;

(r) “Public authority” means a central, regional, municipal, or local authority, public body, ministry, department, or other authority that exercises public executive, legislative, regulatory, administrative or judicial power;

(s) “Related person” means persons that have a special relationship that may materially influence the economic results of transactions between them. Special relationships arise where:

(i) The persons are officers or directors of one another’s business;

(ii) The persons are partners in business;

(iii) The persons are in an employer-employee relationship;

(iv) One person holds or controls 50% or more of the shares or voting rights in the other legal person;

(v) One person directly or indirectly controls the other person;

(vi) Both persons are directly or indirectly controlled by a third person; or

(vii) The persons are husband or wife or relatives to the third degree inclusive or in law to the second degree inclusive;

(t) “Representation costs” means all costs related to promotion of the business, or its products and includes costs for publicity, advertising, entertainment, and representation;

(u) “Resident” means:

(i) A natural person who has a principal residence in Kosovo or is physically present in Kosovo for 183 days or more in any tax period; or

(ii) An entity which is established in Kosovo or has its place of effective management in Kosovo.

(v) “Self-employed” person means any natural person who works for personal gain, in cash or in kind, who is not covered by the definition of an employee under the present Regulation. A self-employed person includes a personal business enterprise and a partner engaged in a business activity;

(w) “Tax period” means the calendar year; and

(x) “Wages” means financial and other kinds of compensation, including goods, favours, services, or barter, paid in connection with employment in Kosovo.

Section 2 Taxpayers

Taxpayers, for the purpose of the present Regulation, shall mean resident and non-resident natural persons who receive or accrue gross income described in section 6 during the tax period.

Section 3 Object of taxation

3.1 The object of taxation for a resident taxpayer shall be taxable income from Kosovo source income and foreign source income.

3.2 The object of taxation for a non-resident taxpayer shall be taxable income from Kosovo source income.

Section 4
Taxable income

Taxable income for a tax period shall mean the difference between gross income received or accrued during the tax period and the deductions allowable under the present Regulation with respect to such gross income.

Section 5
Tax rates

For each tax period, income tax shall be charged at the following rates:

- (a) For taxable income 960 euro or less, zero percent (0%);
- (b) For taxable income over 960 euro up to 3.000 euro, five percent (5%) of the amount over 960 euro;
- (c) For taxable income over 3.000 euro up to 5.400 euro, 102 euro plus ten percent (10%) of the amount over 3.000 euro; and
- (d) For taxable income over 5.400 euro, 342 euro plus twenty percent (20%) of the amount over 5.400 euro.

Section 6
Gross income

Except for income that is exempted under the present Regulation, gross income means all income received or accrued from all sources including:

- (a) Wages;
- (b) Business activities;
- (c) Rents;
- (d) The use of intangible property;
- (e) Interest;
- (f) Dividends;
- (g) Capital gains;
- (h) Lottery and other game of chance winnings;

(i) Pensions paid by a government, a previous employer, or pursuant to UNMIK Regulation No. 2001/35 of 22 December 2001 on Pensions in Kosovo; and

(j) Any other income that increases the taxpayer's net worth.

Section 7
Exempt income

The following income shall be exempt from personal income tax:

(a) Wages of foreign diplomatic and consular representatives and foreign personnel of Liaison Offices in Kosovo, as defined in UNMIK Regulation No. 2000/42 of 10 July 2000 on the Establishment and Functioning of Liaison Offices in Kosovo;

(b) Wages of foreign representatives, foreign officials and foreign employees of international governmental organizations, and international non-governmental organizations that have received and maintained public benefit status under UNMIK Regulation No. 1999/22;

(c) Wages of foreign representatives, foreign officials and foreign employees of donor agencies or their contractors or grantees carrying out humanitarian aid, reconstruction work, civil administration or technical assistance within Kosovo;

(d) Wages received by foreign and locally-recruited officials of the United Nations and its Specialized Agencies, and the International Atomic Energy Agency, which for purposes of the present Regulation shall be deemed to include foreign and locally recruited UNMIK personnel as defined in UNMIK Regulation No. 2000/47 of 18 August 2000 on the Status, Privileges and Immunities of KFOR and UNMIK and Their Personnel in Kosovo. The same exemption shall apply to entitled and duly authorized international inter-governmental financial institutions operating in Kosovo;

(e) Wages of foreign personnel of KFOR;

(f) Compensation for the damage or destruction of property;

(g) Proceeds of life insurance policies payable as the result of the death of the insured person; and

(h) Reimbursement or compensation for medical treatment and expenses, including hospitalization and medication, other than wages paid during the periods of absence from work due to sickness or injury.

Section 8
Income from wages

8.1 Gross income from wages shall include:

(a) Salaries paid by or on behalf of an employer for work that the employee does under the direction of the employer;

(b) Bonuses, commissions, and other forms of compensation that an employer, or some other person on behalf of the employer, pays to employees over and above salary;

(c) Income from temporary work performed by an employee;

(d) Income from prospective employment, such as a signing bonus;

(e) Health and life insurance premiums that an employer pays for the employee;

(f) Forgiveness of an employee's debt or obligation to the employer;

(g) Payment by an employer of an employee's personal expenses;
and

(h) Except as otherwise provided in the present Regulation, in-kind benefits given by an employer to an employee that exceed a de minimus amount to be specified in an Administrative Instruction to be issued by the Ministry of Finance and Economy.

8.2 Gross income from wages shall not include:

(a) Reimbursement of actual business travel expenses up to the amounts to be specified in an Administrative Instruction to be issued by the Ministry of Finance and Economy;

(b) Indemnity for work accidents; and

(c) In-kind benefits given by employers to foreign employees to facilitate their living in Kosovo, such as housing and school tuition.

8.3 With respect to pension contributions, gross income shall not include:

(a) Contributions made by an employer on behalf of an employee to the Individual Savings Pension system, a supplementary employer pension fund, and a supplementary individual pension scheme under UNMIK Regulation No. 2001/35; and

(b) Contributions made by an employee to the Individual Savings Pension system, a supplementary employer pension fund, and a supplementary individual pension scheme under UNMIK Regulation No. 2001/35.

Section 9

Income from business activities

9.1 Gross income from business activities means gross receipts generated by a natural person engaged in such activities.

9.2 Subject to the provisions of this section, there shall be allowed as a deduction from gross income generated from business activities the expenses paid or incurred during the tax period that are wholly, exclusively, and directly related to carrying out such business activities.

9.3 Expenses that otherwise meet the requirements of section 9.2 shall be allowed as a deduction subject to the following limitations:

(a) Representation costs may be deducted up to a maximum amount of two percent (2%) of total gross income;

(b) A bad debt may be deducted only if the following three (3) conditions are met:

(i) The amount that corresponds to the debt has previously been included in income;

(ii) The debt is written off in the taxpayer's books as worthless; and

(iii) There is adequate evidence of substantial unsuccessful attempts made by the taxpayer to collect the debt;

(c) A bad debt that is subsequently collected shall be included in income at the time of collection;

(d) Expenses for travel, meals, lodging, and moving shall be limited to the amounts to be specified in an Administrative Instruction to be issued by the Ministry of Finance and Economy; and

(e) Compensation, interest, rent and other expenses paid to a related person shall be deductible in an amount equal to the lesser of the actual payment or the market value.

9.4 Expenditures on capital assets, other than expenditures for land, works of art, and other property which are not subject to wear, owned by the taxpayer and used for the taxpayer's business activities shall be recovered over time through depreciation deductions under the reducing balance method at the following rates:

(a) Buildings at the rate of five percent (5%);

(b) Automobiles, office and computer equipment at the rate of twenty percent (20%); and

(c) Other capital assets at the rate of fifteen percent (15%).

9.5 To the extent that the amounts expended during the tax period to repair, maintain, or improve capital assets do not exceed five percent (5%) of the balance in the account at the beginning of the year, such amounts shall be allowed as a deduction for the year. To the extent that such amounts expended exceed five percent (5%), such excess shall be treated as improvements and added to the capital account.

9.6 Expenditures on improvements to leaseholds used for the taxpayer's business activity shall be recovered through depreciation deductions calculated using the straight-line method with a period equal to the life of the leasehold.

9.7 Taxpayers with income from the sale of goods who maintain inventories to determine the cost of goods sold, shall use the LIFO (last-in-first-out), FIFO (first-in-first-out) or such other method as may be set out in an Administrative Instruction to be issued by the Ministry of Finance and Economy.

9.8 If the amount of the taxpayer's deductions from business activities for the taxable year exceeds the taxpayer's income from business activities for the year, the amount of such loss may be carried forward for up to five (5) successive tax periods and shall be available as a deduction against any income in those years. If a taxpayer has a business loss in more than one (1) year, losses shall be deductible in the order in which they arose.

9.9 No deduction shall be allowed for:

(a) Cost of acquisition of land;

(b) Fines and penalties;

(c) Income tax and value added tax for which the taxpayer claims a rebate or credit for input tax under UNMIK Regulation No. 2001/11 of 31 May 2001, as amended, on Value Added Tax;

(d) Personal, living, or family expenses;

(e) Any loss from the sale or exchange of property between related persons; and

(f) Amusement or recreation expenses, unless they are incurred in connection with the taxpayer's business of providing amusement or recreation activities.

9.10 No deduction shall be allowed under this Regulation for any expense unless the taxpayer documents, in the manner prescribed by an Administrative Instruction to be issued by the Ministry of Finance and Economy, that such expense was incurred, the purpose of the expense and the amount of the expense.

9.11 A taxpayer with annual gross income from business activities for the tax period in excess of 50.000 euro shall keep the books and records identified in section 9.14.

9.12 A taxpayer with annual gross income from business activities for the tax period of 50.000 euro or less may opt to prepare the books and records identified in section 9.14.

9.13 A taxpayer who opts to prepare books and records identified in section 9.14 for any tax period shall be required to prepare such books and records for each subsequent tax period.

9.14 The books and records required under this section are as follows:

(a) A sales book that includes the date of the sale of goods or services, the quantity of goods sold or services rendered, a description of the goods or services, and the total gross income;

(b) A purchase book that includes the date of the purchase of goods or services, the quantity of goods or services, a description of the goods or services, the amount of the purchase, the seller's name, and the seller's taxpayer identification number;

(c) An expense book that includes a list of all expenses not recorded in the purchase book such as wages, interest and rent;

(d) A capital account, if applicable, that includes the opening balance, additions to capital, expenses to be capitalized, depreciation rate, amount of depreciation, dispositions, and closing balance; and

(e) Any other books or records required by an Administrative Instruction to be issued by the Ministry of Finance and Economy.

Section 10
Income from rents

10.1 Gross income from rents includes:

(a) Income generated by rental of real estate such as buildings, land or apartments; and

(b) Income generated by rental of equipment, transportation vehicles and other types of property.

10.2 It shall be allowed as a deduction from gross income from rent an amount equal to:

(a) Actual costs paid or incurred wholly and exclusively for generating such rent, provided that records of such costs are kept in the manner prescribed in an Administrative Instruction to be issued by the Ministry of Finance and Economy; or

(b) Twenty percent (20%) of the rents received in order to cover the costs of repairs, collection charges and other expenses paid or incurred in generating the rent.

Section 11
Income from intangible property

11.1 Gross income from intangible property includes income generated from patents, copyrights, licenses, franchises, and other property that consists of rights only, but has no physical form.

11.2 There shall be allowed as a deduction from gross income generated from intangible property the expenses paid or incurred in connection with generating income from intangible property, provided that records of such costs are kept in the manner prescribed by an Administrative Instruction issued by the Ministry of Finance and Economy.

11.3 Expenditures on intangible assets that have a limited useful life (including patents, copyrights, licenses, drawings and models, contracts, franchises) are deductible in the form of amortization charges. The method of amortization shall be the straight-line method and the allowance shall be based on the useful life of the asset as determined by the legal agreement governing the acquisition and use of the intangible asset.

Section 12 Interest income

12.1 Gross income from interest includes:

- (a) Interest from loans made to natural persons or entities;
- (b) Interest from bonds or other securities issued by public authorities and business organizations; and
- (c) Interest from interest-bearing accounts maintained with banks and other financial institutions.

12.2 Gross income from interest does not include interest from the assets of the Kosovo Pension Savings Trust or any other pension fund defined under UNMIK Regulation No. 2001/35.

Section 13 Dividend income

13.1 Gross income from dividends includes dividends and other distributions of profit to a taxpayer.

13.2 Gross income from dividends does not include dividends earned from the assets of the Kosovo Pension Savings Trust or any other pension fund defined under UNMIK Regulation No. 2001/35.

Section 14 Income from capital gains

14.1 Gross income from capital gains means the gain that a taxpayer realizes through the sale or other disposition of capital assets including real estate and securities.

14.2 The amount of capital gain is the positive difference between the sales price of the asset and the cost of the capital asset as determined under section 14.5.

14.3 The sales price of the capital asset shall be the sum of any money received plus the market value of any property other than money received as consideration for the sale.

14.4 If the parties are related persons and the sales price is less than the market price, then the sales price will be adjusted to the market price in the manner prescribed in an Administrative Instruction to be issued by the Ministry of Finance and Economy.

14.5 The cost of the capital asset is the amount that the taxpayer paid for the acquisition of the asset, increased by the cost of improvements, and reduced by depreciation and other expenditures allowable under this Regulation.

14.6 Capital loss means a loss that a taxpayer realizes through the sale or other disposition of capital assets including real estate and securities.

14.7 The amount of capital loss is the negative difference between the sales price of the asset and the cost of the capital asset.

14.8 Capital losses shall be treated as ordinary losses from business activities that may be deducted from income in the current year. If the amount of the capital loss for the taxable year exceeds the taxpayer's income for that year, the amount of the excess of such loss over income in the current year may be carried forward for up to five (5) successive tax periods and shall be available as a deduction against any income in those years.

14.9 Gross income from capital gains does not include capital gains realized from the sale of the assets of the Kosovo Pension Savings Trust or any other pension fund defined under UNMIK Regulation No. 2001/35.

14.10 The present section shall enter into force on 1 January 2010.

Section 15 Other income

Gross income includes any other income, from whatever source derived, such as income from lottery or other game of chance winnings or income from debt forgiveness.

Section 16
Deduction for charitable contributions

16.1 Contributions made for humanitarian, health, education, religious, scientific, cultural, environmental protection and sports purposes are allowed as a deduction under the present Regulation up to a maximum of five percent (5%) of taxable income computed before the charitable contribution is deducted.

16.2 A charitable contribution under section 16.1 must be made to:

(a) An organization registered under UNMIK Regulation No. 1999/22 as a non-governmental organization that has received and maintained public benefit status;

(b) Any other non-commercial organizations that directly perform not for profit activities in the public interest, such as:

- (i) Medical institutions;
- (ii) Educational institutions;
- (iii) Organizations to protect the environment;
- (iv) Religious institutions;
- (v) Institutions that care for disabled or elderly persons;
- (vi) Orphanages; and
- (vii) Institutions that promote science, culture, sports or arts.

16.3 A charitable contribution shall not include a contribution that directly benefits the donor, or related persons of the donor.

16.4 Any taxpayer who claims a deduction for a charitable contribution must file an annual declaration and furnish a receipt in respect of such contribution, in the manner prescribed by an Administrative Instruction to be issued by the Ministry of Finance and Economy.

Section 17
Withholding tax on wages

17.1 Each employer shall be responsible for withholding tax from the gross income from wages of its employees during each payroll period.

17.2 An employer who is the employee's principal employer shall withhold an amount for the appropriate payroll period, in accordance with withholding tables as set forth in an Administrative Instruction to be issued by the Ministry of Finance and Economy. The tentative tax for a given month shall be reduced by the amounts withheld by the principal employer for the previous month in the year.

17.3 An employer who is not the employee's principal employer shall withhold an amount equal to twenty percent (20%) of the wages for each tax period.

17.4 Each employer shall submit a statement of tax withholding and remit the amount of tax withheld to an account designated by the Tax Administration in a bank licensed by the Banking and Payments Authority in Kosovo within fifteen (15) days after the last day of each calendar month, in accordance with an Administrative Instruction to be issued by the Ministry of Finance and Economy.

17.5 Each employer that makes wage payments during the tax period shall submit to the Tax Administration by 31 January of the year following the tax period an annual tax reconciliation statement with information about wages paid and tax withheld and remitted with respect to each employee in accordance with the form and procedures specified in Administrative Instructions to be issued by the Ministry of Finance and Economy.

17.6 Each employer shall provide by 1 March of the year following the tax period to every employee from whom wage tax has been withheld a certificate of tax withholding in the form specified in an Administrative Instruction to be issued by the Ministry of Finance and Economy.

Section 18 Withholding Tax on Interest

18.1 Each public authority, business organization, bank or other financial institution that makes a payment of interest shall withhold tax in an amount equal to twenty percent (20%) of each interest amount paid or credited.

18.2 Each public authority, business organization, bank or other financial institution shall submit a statement of tax withholding and remit the amount of tax withheld to an account designated by the Tax Administration in a bank licensed by the Banking and Payments Authority in Kosovo within fifteen (15) days after the last day of each calendar month, in accordance with an Administrative Instruction to be issued by the Ministry of Finance and Economy.

18.3 Each public authority, business organization, bank or other financial institution that pays interest during a tax period shall, upon request, provide by 1 March of the year following the tax period a certificate of tax withholding in the form specified in an Administrative Instruction to be issued by the Ministry of Finance and Economy.

Section 19 Withholding Tax on Dividends

19.1 Each business organization that makes a payment of dividends shall withhold tax in an amount equal to twenty percent (20%) of each dividend amount paid or credited.

19.2 Each business organization shall submit a statement of tax withholding and remit the amount of tax withheld to an account designated by the Tax Administration in a bank licensed by the Banking and Payments Authority of Kosovo within fifteen (15) days after the last day of each calendar month, in accordance with an Administrative Instruction to be issued by the Ministry of Finance and Economy.

19.3 Each business organization that makes a payment of dividends during a tax period shall, upon request, provide by 1 March of the year following the tax period a certificate of tax withholding in the form specified in an Administrative Instruction to be issued by the Ministry of Finance and Economy.

Section 20 Withholding Tax on Lottery or other Game of Chance Payments

20.1 Each organizer of a lottery or game of chance shall withhold tax in an amount equal to twenty percent (20%) of each payment of winnings.

20.2 Each organizer of a lottery or game of chance shall submit a statement of withholding and remit the amount of tax withheld to an account designated by the Tax Administration in a bank licensed by the Banking and Payments Authority in Kosovo within fifteen (15) days after the last day of each calendar month, in accordance with an Administrative Instruction to be issued by the Ministry of Finance and Economy.

20.3 Each organizer of a lottery or game of chance during a tax period shall, upon request, provide by March 1 of the year following the tax period a

certificate of tax withholding in the form specified in an Administrative Instruction issued by the Ministry of Finance and Economy.

Section 21
Payment of tax for business activities

21.1 Each taxpayer who receives income from business activities shall make quarterly payments of tax to an account designated by the Tax Administration in a bank licensed by the Banking and Payments Authority of Kosovo no later than fifteen (15) days after the close of each calendar quarter (15 April, 15 July, 15 October, 15 January).

21.2 The amount of each quarterly payment of tax under section 21.1 shall be as follows:

(a) Taxpayers with annual gross income from business activities of 5.000 euro or less: 37.5 euro per quarter;

(b) Taxpayers with annual gross income from business activities of more than 5.000 up to 50.000 euro who are not required to, and do not opt to, keep the books and records listed in section 9.14:

(i) Three percent (3%) of each quarter's gross income from trade, transport, agricultural and similar commercial activities, and

(ii) Five percent (5%) of each quarter's gross income from services, professional, vocational, entertainment and similar activities.

(c) Taxpayers with annual gross income from business activities in excess of 50.000 euro, and taxpayers who are required to, or opt to, keep the books and records listed in section 9.14:

(i) One-fourth (1/4) of the total tax liability for the current tax period based on estimated taxable income; or

(ii) For the second and subsequent tax periods that a taxpayer makes payments under this subsection, one-fourth (1/4) of 110% of the total tax liability for the tax period immediately preceding the current tax period.

21.3. If the payments of quarterly instalments have been made on or before the due dates, and a final settlement has been made as required by section 26.5, no interest shall be charged or penalties imposed for insufficient payments, if:

(a) The difference between the amount due in each instalment and the amount paid for each instalment is not greater than ten percent (10%) of the amount due; or

(b) After the tax period 2005 and after the taxpayer's first tax period, the amount paid in each instalment is ten percent (10%) higher than one-fourth (1/4) of the tax assessed by the Tax Administration for the preceding tax period.

Section 22 Payment of tax for rents

22.1 Each taxpayer who receives income from rent shall make quarterly payments of tax to an account designated by the Tax Administration in a bank licensed by the Banking and Payments Authority of Kosovo no later than fifteen (15) days after the close of each calendar quarter (15 April, 15 July, 15 October, 15 January).

22.2 The amount of each quarterly payment under section 22.1 shall be twenty percent (20 %) of the taxable rental income received in the calendar quarter immediately preceding the payment date reduced by any amount withheld during the quarter pursuant to section 27.2 of UNMIK Regulation No. 2004/51 of 4 December 2004 on Corporate Income Tax.

Section 23 Payment of tax for intangible property

23.1 Each taxpayer who receives income from intangible property shall make quarterly payments of tax to an account designated by the Tax Administration in a bank licensed by the Banking and Payments Authority of Kosovo no later than fifteen (15) days after the close of each calendar quarter (15 April, 15 July, 15 October, 15 January).

23.2 The amount of each quarterly payment under section 23.1 shall be twenty percent (20%) of the taxable income from intangible property received in the calendar quarter immediately preceding the payment date.

Section 24 Payment of tax for capital gains and other income

Each taxpayer who receives income from capital gains or any other source not described in sections 17 through 23 above shall make payments of tax on or

before 1 April of the year following the tax period in accordance with the provisions set forth in section 26.

Section 25
Credits against tax

Taxpayers may credit against the amount of tax owed under section 5 for the taxable year the following amounts:

(a) Amounts withheld during the same tax period under sections 17 through 20 of the present Regulation and section 27.2 of UNMIK Regulation No. 2004/51 of 4 December 2004 on Corporate Income Tax;

(b) Payments of tax under sections 21, 22 or 23 of the present Regulation; and

(c) Income taxes paid to any foreign country if the income on which the foreign tax is paid is subject to tax under the present Regulation. The amount of the foreign tax credit is limited to the amount of tax that would have been paid on such income under the present Regulation.

Section 26
Tax declarations and payments

26.1 Except where section 26.2 or section 26.3 applies, all taxpayers are required to prepare an annual tax declaration on or before 1 April of the year following the tax period. The declaration shall be made on the forms prescribed by the Tax Administration and shall include, among other things, gross income from all sources, allowable deductions, taxable income, and the tax due pursuant to section 5.

26.2 Taxpayers who receive or accrue income only from one or more of the following sources are not required to submit an annual declaration:

(a) Wages;

(b) Business activities where tax is paid under section 21.2(a) or 21.2(b);

(c) Rent where a deduction has been made pursuant to section 10.2(b);

(d) Interest;

- (e) Dividends;
- (f) Lottery or other game of chance payments; and
- (g) Income from intangible property.

26.3 Taxpayers whose taxable income calculated under the present Regulation is less than 1.000 euro are not required to submit an annual declaration.

26.4 Taxpayers who receive or accrue income only from the sources set forth in section 26.2 or whose taxable income is less than 1.000 euro may opt to prepare and submit an annual declaration on or before 1 April of the year following the tax period. The declaration shall be made on the forms prescribed by the Tax Administration and shall include, among other things, gross income from all sources, allowable deductions, taxable income and the tax due pursuant to section 5 of the present Regulation. In computing taxable income on such declaration, taxpayers who paid tax on business income under section 21.2 (a) or 21.2 (b) shall be allowed a deduction in the amount of 25% of business gross income.

26.5 Taxpayers who are required to submit an annual tax declaration shall submit, together with such declaration, the final amount of tax due. The final amount of tax due shall be the difference between the total tax owed for the tax period determined in accordance with the present Regulation and the total credits against tax under section 25 of the present Regulation.

26.6 If the total of the amount of credits against tax pursuant to section 25 of the present Regulation exceeds the total tax owed for the tax period, the taxpayer shall be entitled to a refund of the excess tax paid.

26.7 The location for submitting tax declarations, remitting tax, and claiming refunds shall be specified in an Administrative Instruction to be issued by the Ministry of Finance and Economy.

Section 27 Implementation

The SRSG may issue Administrative Directions for the implementation of the present Regulation.

Section 28
Applicable Law

The present Regulation shall, subject to section 29, supersede UNMIK Regulations No. 2002/4 and 2000/29, as amended, as well as any provision in the applicable law which is inconsistent with it.

Section 29
Transitional

The Tax Administration shall continue to apply UNMIK Regulations No. 2002/4 and 2000/29, as amended when considering any tax issues related to tax periods up to and including the 2004 tax period that might arise on or after the entry into force of the present Regulation.

Section 30
Entry into Force

The present Regulation shall enter into force on 1 January 2005, with the exception of section 14 which shall enter into force on 1 January 2010.

Søren Jessen-Petersen
Special Representative of the Secretary-General