



Administrata Tatimore e Kosovës
Poreska Administracija Kosova
Tax Administration of Kosovo

ANNUAL REPORT OF TAX ADMINISTRATION OF KOSOVO

JANUARY-DECEMBER 2019

March 2020, Prishtina



ANNUAL REPORT

TAX ADMINISTRATION OF KOSOVO

TAK's Annual Report is elaborated pursuant to Article 8, paragraph 8.2 and 8.3 of the Law No. 03/L-222 on Tax Administration and Procedures.

Article 8 - Reporting

1. The Director General shall furnish periodic reports of TAK's operations and performance to the Minister of Finance and Transfers.
2. The Director General shall produce an annual report on the operations of TAK and deliver the report to the Minister of Finance and transfers and to the Government of Kosovo, based in request within three (3) 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 Finance and Transfers;
 - 3.4. estimates of the cost of collection for each type of tax revenue collected;
 - 3.5. details of all initiations of proceedings for criminal tax offenses, where the investigation was commenced by the tax administration, including the name of each person who has been convicted, the sentence issued and the amounts of tax involved; and
 - 3.6. 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.



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FOREWORD BY THE DIRECTOR GENERAL



It is my pleasure, as the Director General of the Tax Administration of Kosovo, to provide you with the Annual Work Report for 2019, in full format pursuant to the Law No. 03/L-222 on Tax Administration and Procedures.

This report covers all TAK activities, together with the staff involved and that contributed to the positive results of the organization, enabling the budget of the Republic of Kosovo to fulfil its planned needs.

In addition to its primary purpose that of revenue collection, TAK carries out numerous activities based on the Strategic Plan 2015-2020 and other annual and periodic plans by providing better taxpayer services, increasing professionalism and transparency, improving the perception on integrity and honesty towards increased voluntary compliance in the tax payments.

TAK has based all of the above towards enhancement of staff skills, improving key tax processes, both for taxpayers and TAK staff, providing an effective organizational structure, upgrading of Information Technology for more effective and efficient work, and great reduction in the level of informal economy.

Undoubtedly, in addition to its in-house staff, TAK's achievements are also related to activities carried out with other local and international institutions that are providing expertise and professionalism to keep TAK in step with modern sister organizations. On this occasion, I would like to express my gratitude for the cooperation and coordination of activities, both to taxpayers and in-house staff.

In addition, I would also like to express my high appreciation to the commitment and professional engagement of our organization's staff in achieving the objectives and improving the image of TAK by providing our society with a better prosperity for the future.

Administrata Tatimore e Kosoves

Ilir Murtezaj, Drejtor i Përgjithshëm i ATK-së



Prishtinë, Mars 2020



INTRODUCTION

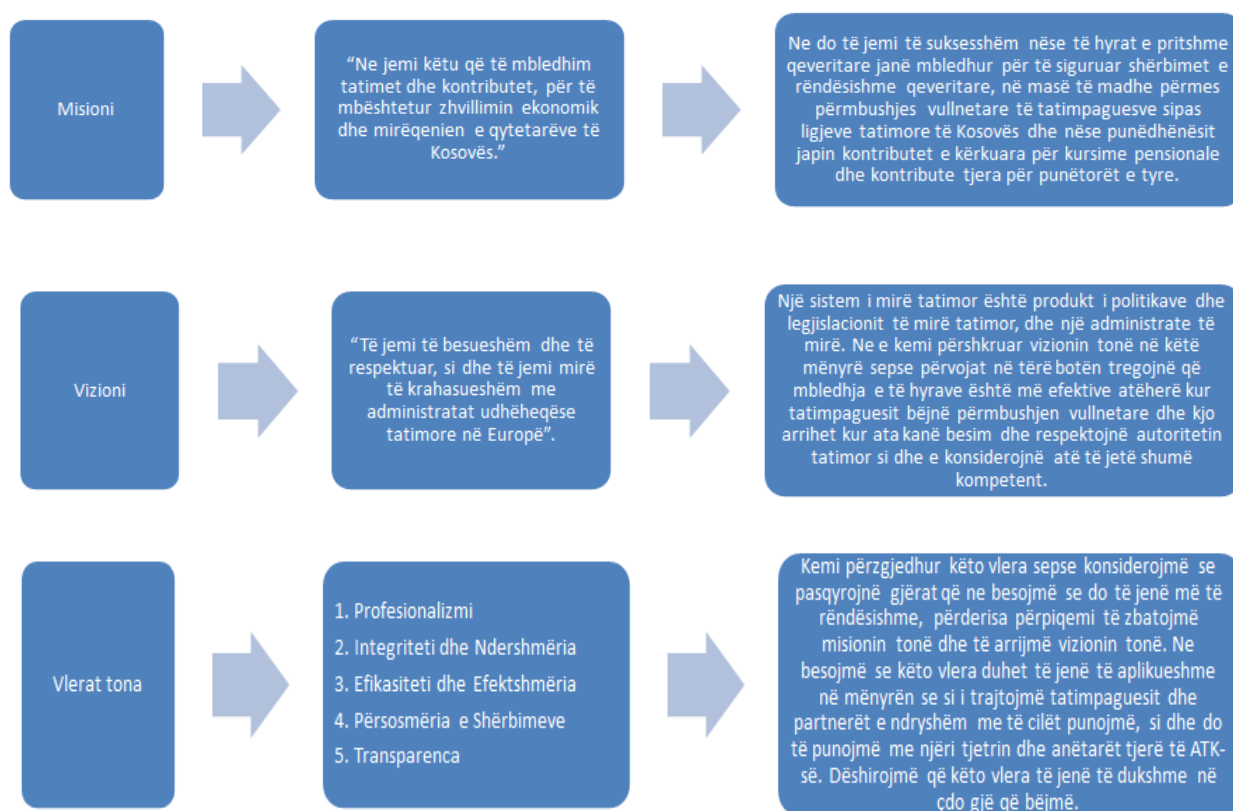
Elaboration of reports by the Tax Administration of Kosovo is a daily routine that covers numerous activities of TAK's staff ranging from field work to the numerous work activities to help people in the field. TAK also elaborates reports on the work of TAK with local institutions, as well as various international institutions.

TAK's Annual Report 2019 is a legal requirement deriving from Paragraphs 2 and 3 of Article 8 of Law No. 03/L-222 on Tax Administration and Procedures, which defines reporting items.

This Report provides details on TAK's budget, staff, collected revenues along with costs, cancelled liabilities, tax prosecutions as well as taxpayer complaints. All of the above are accompanied by numerous details and data reflecting the work in many specialized areas, both in the field of taxation and in other common and special areas of TAK staff, but also assisted by international institutions in the specialization and capacity building of our organization.

This work has proven successful also in revenue collection, improving the image of TAK both domestically and abroad.

TAK remains committed to fulfil and exceed its obligations defined by legislation, the Government, and local and international institutions, as well as to serve as an impetus for the development of the country and the society.





I. BACKGROUND

TAK was established on 17 January 2000 under the guidance and administration of UNMIK. In February 2003, UNMIK handed over the governance competences to the Ministry of Economy and Finance and since that time, TAK operates as an executive agency with complete operational autonomy, managed entirely by locals with assistance from international donor organizations, including USAID, EU, IMF, etc.

TAK, initially managed the Hotel and Restaurant Taxes, which was replaced with the Presumptive Tax, whereby all business income tax was charged. VAT was introduced on 01.07.2001.

In April 2002, the salary and the profit tax were introduced for legal entities, which until then were only charged with the presumptive tax. In January 2005 a tax reform came into effect, replacing presumptive tax, salary tax and profit tax with two new types of taxes, i.e. Personal Income Tax, which is charged on natural persons and Corporate Income Tax, which is charged on legal entities. The tax system in Kosovo has evolved from the UNMIK regulation system in the system of tax laws issued by the Assembly of the Republic of Kosovo. These laws are considered to be understandable and easy to administer and enforce.



1. BUDGET

Estimated budget for all economic categories in 2019 was EUR 11.8 million, of which during the period January-December were spent EUR 11.1 million. The breakdown of expenditures by category is as follows: EUR 7, 5 million or 67.3% of total expenditures were spent on wages and salaries, EUR 2, 3 million or 21.0% on goods and services, EUR 150.906 or 1.4% on utilities, and EUR 1, 1 million or 10.3% were capital expenditures. Compared to the previous year, expenditures are higher by 19.4%, and this is as result of expenditures in the category of capital projects.

Table of budget spending by economic category:

Category of expenditure	2017	2018	2019	Budget 2019	Structure	Comparison	
1	2	3	4	5	6=4/Σ	7=4/5	8=4/3
Wages and salaries	6,881,449	7,231,019	7,455,035	7,455,035	67.3%	100.0%	103.1%
Goods and services	1,528,474	1,750,985	2,320,511	2,390,597	21.0%	97.1%	132.5%
Utilities	166,071	172,130	150,906	271,696	1.4%	55.5%	87.7%
Capital expenditures	231,453	117,709	1,143,026	1,700,709	10.3%	67.2%	971.1%
Total	8,807,447	9,271,843	11,069,478	11,818,037	100.0%	93.7%	119.4%

Table1: Budget spending in 2019, comparison with 2018 and 2017

Source: Budget Division

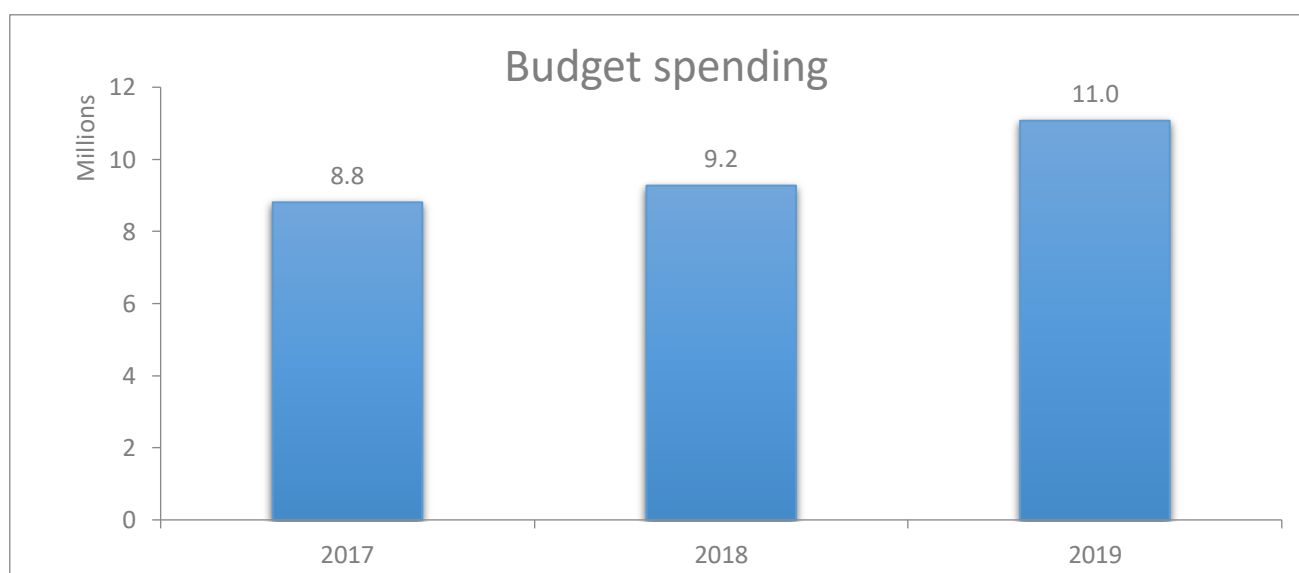


Chart1: Budget spending

Source: Budget Division



2. HUMAN RESOURCES

During this reporting period, the Director General issued 110 internal transfer decisions, in accordance with personnel management rules and procedures.

During this reporting period, 12 cases were reviewed by the Disciplinary Commission of TAK, whereby the commission issued a negative decision for ten (10) cases, while two (2) cases were suspended. The Dispute Resolution and Appeal Commission reviewed 85 cases, out of which 49 cases were rejected as ungrounded, 30 cases were in favour of complainants and 6 cases are under reviewing.

During this reporting period have been issued seventy-six (76) remarks, of which seventy (70) are oral remarks and six (6) written remarks.

Employment relationship has been terminated to three (3) employees due to the retirement age.

One (1) official of TAK died.

One (1) official has been terminated of employment relationship by Court Decision.

Two (2) officials have terminated employment relationship willingly.

During the period January-September 2019, HR Division of TAK has announced 60 internal and 4 external job opportunities, of which 20 new inspectors were hired on 13.05.2019.

TAK has received 4 decisions from the Independent Oversight Board, where 2 of those decisions were negative for TAK, 2 decisions have been implemented by TAK, 55 responses to the complaint to IOBK.

Also during this reporting period, letters were sent to the regional offices and the Director General on absences and attendance of entire staff.

The Human Resources Division also carried out the following activities: provided various advices and guidance to the managers and other TAK staff, upon request, concerning performance appraisal; issuing certificates as proof of employment relationship in TAK; introducing with internal rules approved by the authorities related to the management of TAK employees; providing various professional advice related to the civil service in Kosovo; follow-up of various paperwork by fax and other forms, postal service, e-mail, etc.; regular record keeping on the number of TAK employees who are on vacation (annual leave, maternity leave, unpaid leave, suspended, etc.).

On 10.05.2019, the General Director of TAK has established a new Organizational Structure with the aim of better functioning of TAK and achievement of goals.

Total number of employees in the Tax Administration is 830¹, out of whom 557 male and 273 female. Three officials² of TAK retired in 2019.

¹The list of employees in the Tax Administration of Kosovo (Annex 1)

² The list of retired TAK officials (Annex 2)



Based on the agreement signed by the Ministry of Finance with the University of Prishtina 2019 (MoF-UP-TAK), 60 students³ served internship at TAK. In addition, 20 other persons⁴ have completed their internship at the Tax Administration of Kosovo.

Number of employees by qualification, ethnicity and gender:

Total number of employed persons	Qualification structure				Ethnic structure				Gender structure		Employed in total
	Superior	Higher	Secondary	Primary	Albanian	Serbian	Turkish	Other	Male	Female	
Total	758	9	62	1	790	32	2	6	557	273	830
%	91.3%	1.1%	7.5%	0.1%	95.2%	3.9%	0.2%	0.7%	67.1%	32.9%	100.0%

Table2: Number of employees by qualification, ethnicity and gender

Source: Human Resources Division

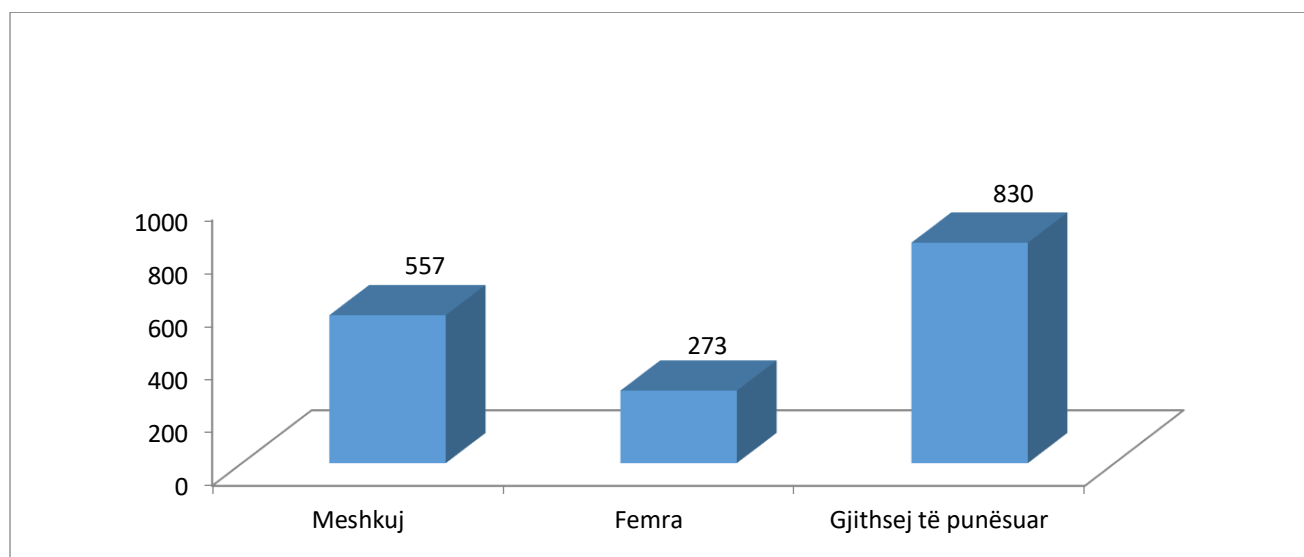


Chart2: Number and gender structure of employees

³ The list of student interns according to the agreement with Ministry of Finance and University of Prishtina 2019 (MoF-UP-TAK) (Annex 3)

⁴ The list of students who have served internship at TAK (Annex 4)



Geographic distribution of total employees at TAK, as of 31.12.2019:

Region	Staff number	%	Gender			
			Male	%	Female	%
LTD	51	6.1%	39	7.0%	12	4.4%
Prishtina 1	63	7.6%	47	8.4%	16	5.9%
Prishtina 2	57	6.9%	38	6.8%	19	7.0%
Prishtina 3	56	6.7%	40	7.2%	16	5.9%
Gjilan	67	8.1%	48	8.6%	19	7.0%
Ferizaj	66	8.0%	49	8.8%	17	6.2%
Prizren 1	45	5.4%	32	5.7%	13	4.8%
Prizren 2	32	3.9%	25	4.5%	7	2.6%
Gjakova	26	3.1%	19	3.4%	7	2.6%
Peja	54	6.5%	38	6.8%	16	5.9%
Mitrovica	70	8.4%	53	9.5%	17	6.2%
Tax Investigations	20	2.4%	18	3.2%	2	0.7%
Fiscal cash registers	11	1.3%	6	1.1%	5	1.8%
ZGJONA	9	1.1%	5	0.9%	4	1.5%
Games of Chance	11	1.3%	2	0.4%	9	3.3%
Directorate	176	21.2%	96	17.2%	80	29.3%
TSEC	16	1.9%	2	0.4%	14	5.1%
Total	830	100.0%	557	100.0%	273	100.0%

Table3: Number of employees at TAK, 2019

Source: Human Resources Division



TRAINING

During this period, this delivered and provided technical support for staff training. TAK and local and international organizations, organized 96 trainings on different fields of tax legislation, involving 705 officials. In addition, 10 study visits/workshops were held with the participation of 79 officials.

Number of trainings and participants by local and international institutions:

Provider	Number of delivered trainings	Number of participants	Number of days
CEPOL	9	10	44
Giz	19	218	31
KIPA	7	12	16
SCAAK	2	71	10
Kosovo Telecom (TK)	15	30	50.5
CEF	7	17	21
British Embassy	3	3	22
TAK	17	298	35.5
OECD	3	7	15
Prudencia Consulting	3	13	13
InfoSec SEE	1	3	2
EDC	2	5	8
US Embassy in Kosovo	1	1	3
OSCE	1	2	1
FLSA	2	3	8
KMI	2	4	10
KMT	1	4	5
Nettrik	1	4	5
Total	96	705	300

Table4: Number of trainings and participants by local and international institutions

Source: Training Division report

Workshops/conferences/study visits organized for TAK officials

Provider	Courses	Number of participants	Number of days
MoF	Conference "The digital future of national finance"	1	2
TAK	Workshop on audit EO	64	1
CEF	Round Table in Bosnia and Herzegovina	3	2
Institute of Internal Audit Croatia	Conference on Internal Audit held in Croatia	1	3
Uniglobal Events	Summit on VAT Digitalization Processes	2	2
Ministry of Labor and Social Welfare	Official visit to Latvia	1	5
UNODC	Official visit to Austria	1	3
OSCE	Standardized measures to detect serious theft	1	1
SCAAK	Seminar "SNRF 16 – Leasing – SNRF 17 – Insurance Contracts"	1	2
Internal Audit Institute Montenegro	Conference on Internal Audit	4	1
Total		79	22

Table5: Number of conferences/workshops

Source: Training Division



3. REVENUES

3.1. STRUCTURE OF REVENUES

During the reporting period, the Tax Administration of Kosovo collected revenues amounting to EUR 504.3 million, compared to the same period of the previous year, revenues increased by 10.4% or expressed in value for EUR 47.4 million, while compared with the annual plan of EUR 516.4 million, we conclude that 97.7% of the plan was accomplished during this period.

Collected Pension Contributions for this period amounted to EUR 188.3 million. In total, Taxes and Pension Contributions collected this year amounted to € EUR 504.3 + 188.3 = 692.6 million, which compared to the same period of last year the collection is higher for EUR 62.1 million.

During this period, TAK conducted very important activities that played a role in achieving its mission and vision as a modern administration. Changes have been made to the new Electronic Tax System - EDI, which is more advanced, more suitable for application, and includes new features that will facilitate the declaration and payment of taxes.

Development of new applications, such as: Upgrading of the Reimbursement application with the administration module, upgrading of Risk Analysis application, implementation of the web application for Property Tax, development of a tool for transferring changes from KBRA to TAK, development of a web application for blocking in customs, development of a web application for Customs Certificates, automation of categorization in the Reimbursement module, implementation of the web application for ICK, implementation of the web application for obtaining the status of the NQF burden, through GG, implementation of the web application for obtaining data for QAK activity, through GG, designing of the technical document for the development of SMRM, implementation of the web application for MLSW.

TAK's management is engaged with a special commitment to provide TAK a support in the IT System replacement project as the key factor in the modernization of the Tax Administration, a project deriving from TAK's strategic objective for the time period 2015-2020.

TAK is based on the Strategic Plan 2015-2020, which through this strategy envisages professionalism, integrity, efficiency and excellence of services.

Despite challenges, TAK is determined to continue with the utmost dedication towards achieving further success in its mission, collecting revenues by observing legal framework. TAK will consistently make efforts to increase voluntary compliance by providing professional, transparent and effective services for a fair and uniform implementation of tax laws.

Below is presented the table for taxpayers who have declared turnover and payments for the period 2017-2019



YEARS	2017	2018	2019
No. of declaring taxpayers	65,259	67,702	73,164
No. of declaring businesses	61,046	64,303	69,433
No. of businesses declaring turnover > 0	39,506	40,147	41,582
No. of taxpayers who have paid (by period)	45,320	47,159	49,811
No. of taxpayers who have paid (by date of payment)	50,057	49,329	52,033
Declared turnover amount	10,153,775,256	11,104,787,638	11,870,714,167

Table 6: Taxpayers declaring turnover and payments, 2017-2019

Source: TAK-DB

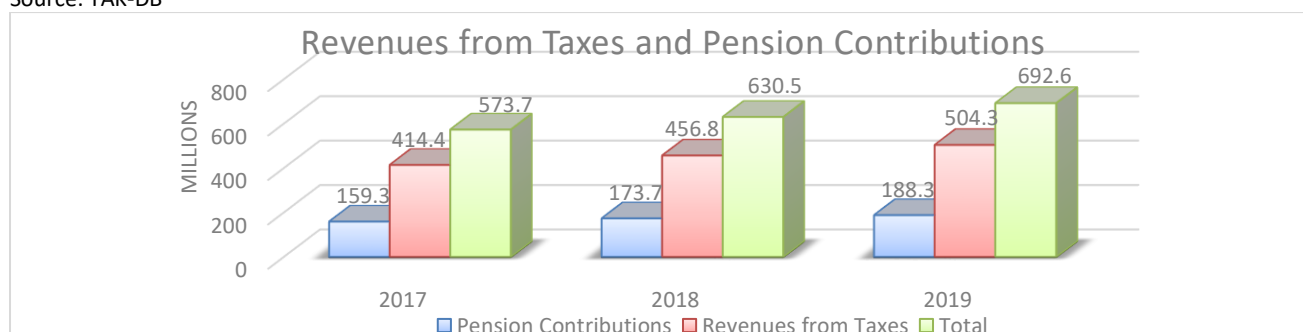


Chart 3: Graphical presentation of collected revenues and pension contributions by years 2017-2019

3.2. REVENUES BY MONTH

Revenues trend by months: in January 2019 compared to 2018, revenues increased by 14.6%, in February they were higher by 7.3%, in March they were higher by 6.8%, in April 7.1%, May 11.1%, in June they were lower by 0.2%, in July higher by 22.1%, August by 17.0%, September by 2.2%, October 9.3%, November 10.0% and December higher by 10.6%.

Compared to the annual projection of EUR 516.4 million for 2019, revenues collected during this period were 2.3% lower than planned.

Below are shown revenues collected by month, in comparison with the plan and previous years

Month	Collection by years			Share in %	Plan 2019	Comparison – collection plan 2019	Comparison collection 2019/2018
	2017	2018	2019				
1	2	3	4	5=4/Σ	6	7=4/6	8=4/3
January	45,339,032	51,402,067	58,887,548	11.7%	58,225,409	101.1%	114.6%
February	22,905,501	27,534,521	29,536,675	5.9%	31,054,352	95.1%	107.3%
March	26,734,857	28,805,608	30,772,598	6.1%	32,511,813	94.7%	106.8%
April	47,555,209	56,702,928	60,748,192	12.0%	64,251,345	94.5%	107.1%
May	24,870,268	29,161,851	32,402,378	6.4%	32,908,914	98.5%	111.1%
June	25,454,902	26,327,772	26,281,527	5.2%	29,639,753	88.7%	99.8%
July	45,753,664	47,891,313	58,458,632	11.6%	54,218,911	107.8%	122.1%
August	30,574,381	32,766,210	38,344,982	7.6%	37,007,420	103.6%	117.0%
September	34,594,211	36,135,375	36,914,062	7.3%	40,846,709	90.4%	102.2%
October	47,047,250	54,944,526	60,079,481	11.9%	62,241,490	96.5%	109.3%
November	31,066,453	30,235,213	33,267,597	6.6%	34,100,278	97.6%	110.0%
December	32,459,566	34,891,111	38,588,195	7.7%	39,393,606	98.0%	110.6%
Total	414,355,294	456,798,495	504,281,866	100.0%	516,400,000	97.7%	110.4%
Pension Cont.	159,313,875	173,657,367	188,348,268				

Table 7: Revenues collected by months 2017-2019, Source: MoF-Treasury / TAK



3.3. REVENUES BY TAX TYPES

In the revenues structure by tax types, VAT has the largest share with 47.9%, followed by Corporate Income Tax with 18.9%, WTS - other salaries with 14.0%, WTS - budget salaries with 7.5%, Tax on Individual Businesses with 6.5%, and Tax on Interest, Dividend, Royalties, Rent, Winnings in Lottery and Games of Chance with 5.1%.

Table of revenues by tax types for 2019

Tax types	Revenues for the period January - December/2017-2019			%	Plan 2019	Comparison	
	2017	2018	2019			7=4/6	8=4/3
1	2	3	4	5=4/Σ	6	7=4/6	8=4/3
Value Added Tax	196,635,189	215,184,335	241,711,051	47.9%	244,840,755	98.7%	112.3%
Withheld Tax – Budgetary Salaries	29,169,945	32,609,602	37,823,265	7.5%	35,657,934	106.1%	116.0%
Withheld Tax – Other Salaries	57,391,152	65,411,366	70,595,169	14.0%	72,518,297	97.3%	107.9%
Tax on Individual Businesses	35,148,476	34,067,683	32,948,635	6.5%	38,762,845	85.0%	96.7%
Tax on interest, dividend, royalties, rent, winnings in lottery and games of chance	18,073,875	22,177,062	25,911,208	5.1%	25,233,476	102.7%	116.8%
Corporate Tax	77,936,657	87,348,447	95,292,538	18.9%	99,386,694	95.9%	109.1%
Total	414,355,294	456,798,495	504,281,866	100.0%	516,400,000	97.7%	110.4%

Table 8: Revenues collected by tax type, compared to previous years

Source: Business report January-December 2019, TAK

Revenue structure for the period January - December/2019, by tax types

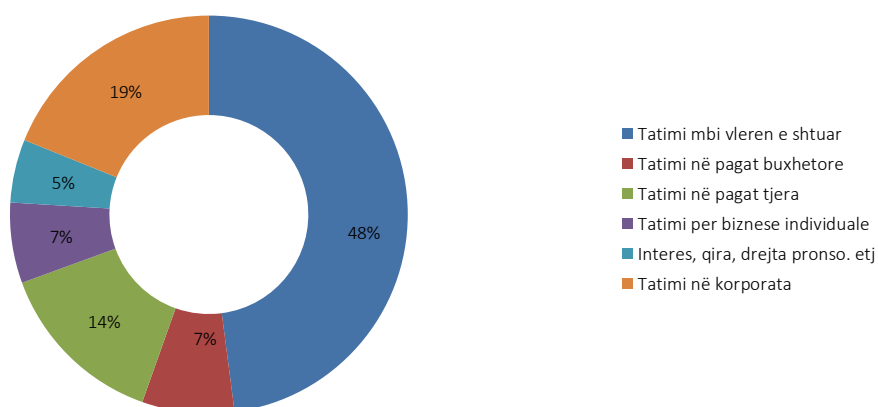


Chart 4: Graphical presentation by tax types

LEGEND:

VAT – Value Added Tax

WT – Withheld Tax – Budgetary Salaries

WT – Withheld Tax – Other Salaries

PD – Tax on Individual Businesses

WR - Tax on interest, dividend, royalties, rent, winnings in lottery and games of chance

CD – Corporate Tax



3.4. REVENUES BY MAIN TAX TYPES

Regarding revenues by main tax types, Value Added Tax (VAT) had the highest share, respectively 47.9%, followed by Personal Income Tax (PIT) with 28.0% and Corporate Income Tax (CIT) with 24.0%.

Revenues by three main tax types for 2017-2019:

Tax Type	2017	2018	2019	2019 Structure	Comparison by years	
1	2	3	4	5=4/Σ	6=4/2	7=4/3
VAT	196,635,189	215,184,335	241,711,051	47.9%	122.9%	112.3%
CIT	96,010,532	109,525,509	121,203,746	24.0%	126.2%	110.7%
PIT	121,709,573	132,088,652	141,367,069	28.0%	116.2%	107.0%
Total	414,355,294	456,798,495	504,281,866	100.0%	121.7%	110.4%

Table9: Revenues collected by years and main tax types
Source: Business Report for January - December 2019, TAK

Revenues for the period January-December 2019, by tax types

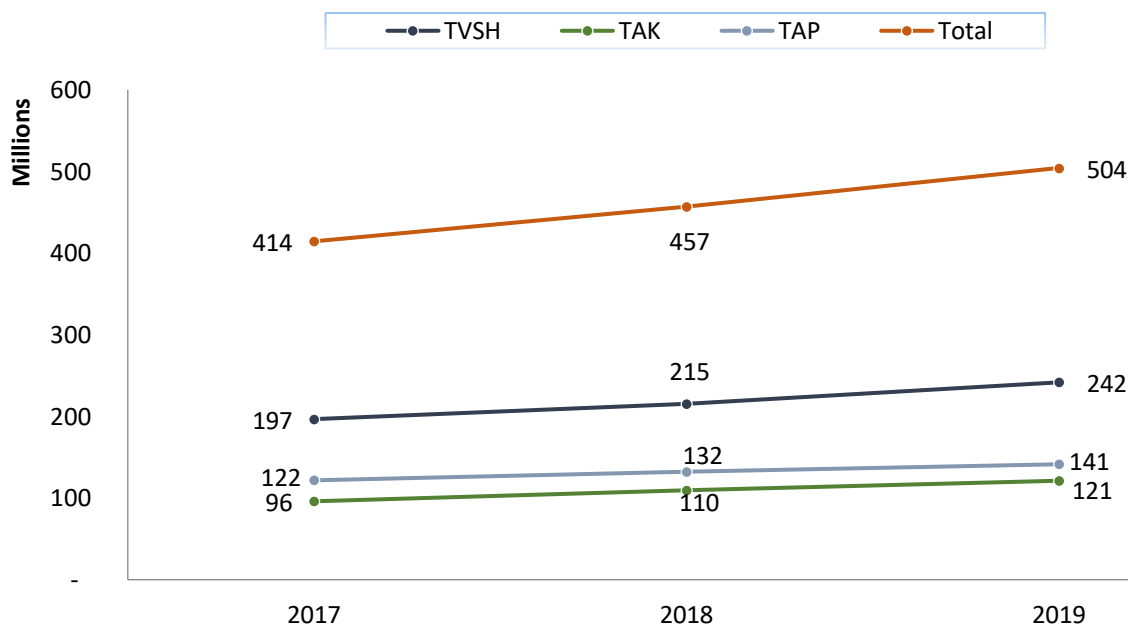


Chart 5: Graphical presentation of revenues by years and main tax types



3.5. REVENUES IN LTD AND REGIONAL DIRECTORATES 2017-2019

In the total amount of revenues collected during this period, amounting to EUR 504.3 million, the Large Taxpayer Department (LTD) participates with 47.0%, or expressed in Euros in the amount of EUR 237.0 million, followed by Region Prishtina 1 with 10.9%, or expressed in amount of over EUR 54.7 million, while other regions participate with less than 10% of total revenues in this period, as follows:

Table of revenues in LTD and Regional Directorates 2017-2019:

Region	Revenues by years			%	2019 Plan	Comparison	
	2017	2018	2019			7=4/6	8=4/3
1	2	3	4	5=4/Σ	6	7=4/6	8=4/3
LTD	204,125,517	211,690,757	237,018,678	47.0%	252,007,169	94.1%	112.0%
Prishtina 1	41,093,121	50,164,404	54,793,352	10.9%	55,735,183	98.3%	109.2%
Prishtina 2	28,369,264	32,445,845	33,442,766	6.6%	34,623,660	96.6%	103.1%
Prishtina 3	33,624,151	38,943,703	41,267,018	8.2%	43,481,451	94.9%	106.0%
Gjilan	12,218,093	13,971,836	14,860,714	2.9%	13,058,371	113.8%	106.4%
Ferizaj	14,676,999	15,884,717	17,647,317	3.5%	17,966,483	98.2%	111.1%
Prizren 1	11,820,276	14,348,337	16,873,219	3.3%	16,354,687	103.2%	117.6%
Prizren 2	9,954,464	11,910,552	13,597,595	2.7%	12,622,742	107.7%	114.2%
Gjakova	6,563,899	7,857,175	8,860,573	1.8%	7,563,849	117.1%	112.8%
Peja	12,684,282	14,044,638	15,072,821	3.0%	14,772,882	102.0%	107.3%
Mitrovica	10,055,283	12,926,929	13,024,547	2.6%	12,555,589	103.7%	100.8%
Head Office	29,169,945	32,609,602	37,823,265	7.5%	35,657,934	106.1%	116.0%
Total	414,355,294	456,798,495	504,281,866	100.0%	516,400,000	97.7%	110.4%

Table 10: Revenues collected compared to the Plan for LTD and Regional Directorates 2017 - 2019

Source: Information Technology (SharePoint)

Revenues in Prishtina 1 for 2017 and 2018 are deducted from budgetary salaries and presented as part of Head Office.⁵

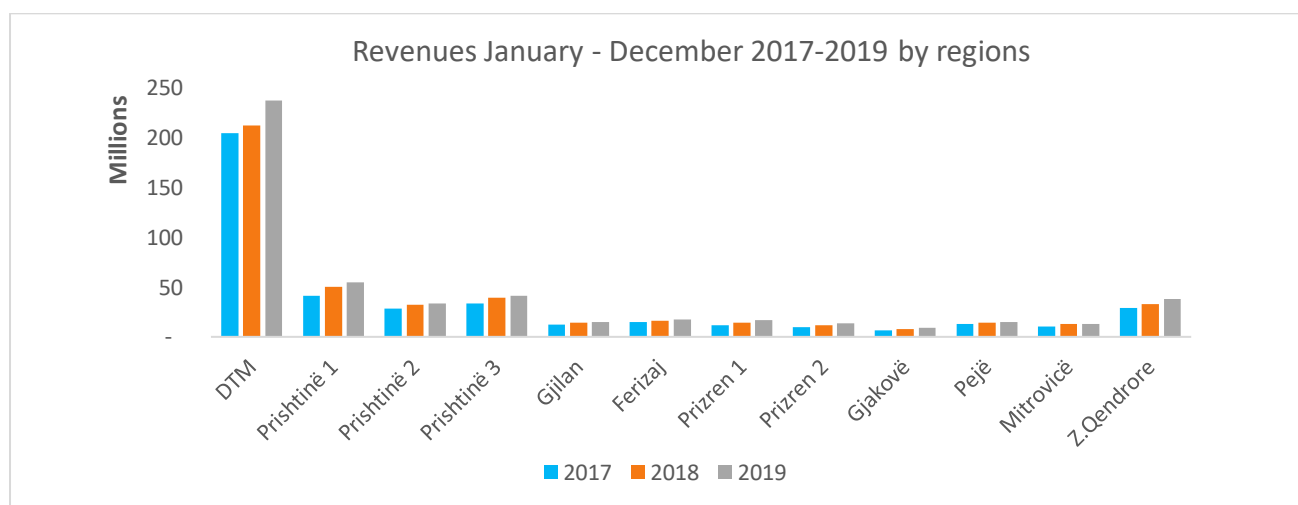


Chart 6: Graphical presentation of revenues by regional directorates

⁵ At the Head Office: WT-Budgetary Salaries



3.6. REVENUES GROUPED IN LTD AND REGIONAL DIRECTORATES

From the revenues collected by LTD and two other groups of regions we have the following situation: In LTD compared to the same period of last year collection share grew by 12.0%, while the Regional Directorates Prishtina 1, 2 and 3 marked an increase by 6.5%, and, in other Regional Directorates there is an increase of 11.5%.

Compared to the 2019 plan, in LTD collection share reached 94.1%, in the regions of Prishtina 1, 2 and 3 reached 96.8%, while in other regions the collection share reached 105.5%.

Table of revenues grouped into three regions:

Region	Revenues by years			%	2019 Plan	Comparison	
	2017	2018	2019				
1	2	3	4	5=4/Σ	6	7=4/6	8=4/3
LTD	204,125,517	211,690,757	237,018,678	47.0%	252,007,169	94.1%	112.0%
Prishtina 1, 2, 3	103,086,536	121,553,952	129,503,137	25.7%	133,840,294	96.8%	106.5%
Other regions	107,143,241	123,553,787	137,760,051	27.3%	130,552,537	105.5%	111.5%
Total	414,355,294	456,798,495	504,281,866	100.0%	516,400,000	97.7%	110.4%

Table 11: Revenues grouped in LTD and Regional Directorates

Source: Information Technology (SharePoint)

4. TREATED VALUES COSTS PER 100 €/UNIT

Table of costs for every 100 units, for 2019:

Year	Treated values (tax + pension contributions)	TAK's expenditures not including capital expenditures	Treated values of costs per each 100€/unit
1	2	3	4=3/2*100
2017	573,590,664	8,575,994	1.50
2018	619,776,023	9,154,134	1.48
2019	692,630,134	9,926,452	1.43

Table 12: Values cost per 100 €/unit in revenue collection

Source: Annual Report of revenues for 2017 - 2019



5. ADDITIONAL TAX FROM AUDITS BY REGIONS

Additional tax, as a result of 1,915 tax audits and assessments from office is EUR 55.5 million, compared with the same period of last year, the collection of additional tax is lower for EUR 426.3 thousand, or expressed in percentage by 0.8% if. Also during this period, we have credit reduction of EUR 14.2 million, and a loss reduction of EUR 79.6 million.

Table of additional tax from audits conducted during 2017-2019:

Region	Additional Tax			%	Comparison	Credit reduction 2019	Loss reduction 2019
	2017	2018	2019				
1	2	3	4	5=4/Σ	6=4/3	7	8
LTD	22,458,713	22,564,912	22,387,453	40.3%	99.2%	972,799	49,843,651
PRISHTINA 1	4,917,278	8,699,121	4,371,530	7.9%	50.3%	1,339,752	1,777,442
PRISHTINA 2	3,111,304	3,304,716	4,180,873	7.5%	126.5%	3,836,340	6,001,085
PRISHTINA 3	5,350,629	5,128,239	4,035,725	7.3%	78.7%	1,292,308	3,301,439
GJILAN	4,481,009	2,655,902	2,655,015	4.8%	100.0%	978,661	1,993,944
FERIZAJ	4,276,539	3,013,581	3,618,520	6.5%	120.1%	923,364	3,211,807
PRIZREN 1	1,658,789	1,327,840	3,276,176	5.9%	246.7%	1,735,020	4,863,913
PRIZREN 2	1,669,448	1,335,441	2,161,346	3.9%	161.8%	1,084,234	1,687,752
GJAKOVA	512,977	419,545	473,315	0.9%	112.8%	302,890	794,614
PEJA	1,705,031	2,760,355	3,246,861	5.8%	117.6%	1,096,889	4,195,084
MITROVICA	2,950,847	4,813,881	5,190,371	9.3%	107.8%	669,127	1,935,821
Total	53,092,564	56,023,533	55,597,186	100.0%	99.2%	14,231,385	79,606,553

Table 13: Additional tax 2019 from tax audits, compared to 2018 and 2017

Source: Information Technology – VKME Module

Additional tax from audits: 2017 - 2019

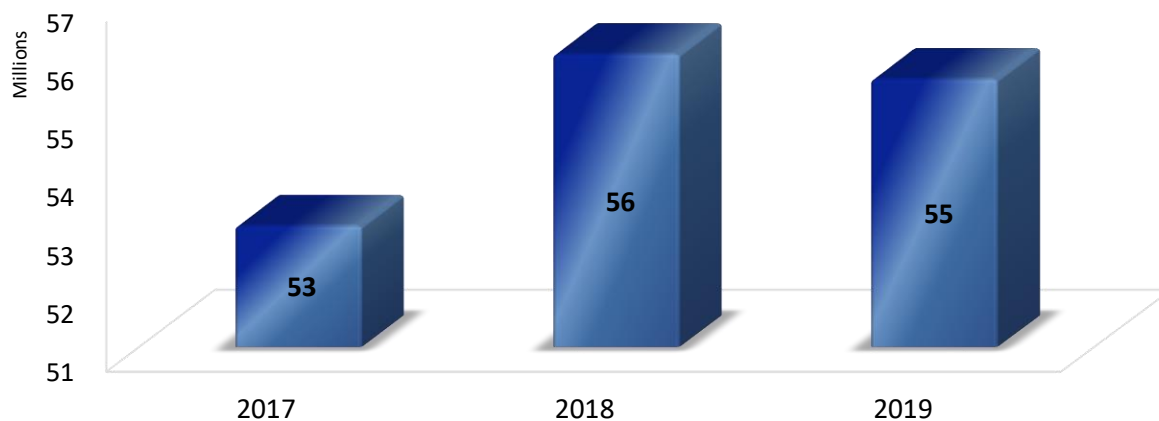


Chart 7: Additional Tax amount 2017-2019



5.1. NUMBER OF TAX AUDITS CARRIED OUT BY TAX INSPECTORS

During this period 1,915 tax audits have been carried out, and as a result of this process we have additional tax in the amount of EUR 55.5 million. Compared to the previous year the number of tax audits carried out reaches 111.7%, while compared to the plan the number of tax audits carried out is 85.3%.

Table of the number of tax audits carried out during 2017-2019:

Region	Number of audits			Audit inspectors	Audit plan 2019	Comparison	
	2017	2018	2019			7=4/6	8=4/3
1	2	3	4	5	6	7=4/6	8=4/3
LTD	105	129	121	30	168	72.0%	93.8%
PRISHTINA 1	165	180	211	33	310	68.1%	117.2%
PRISHTINA 2	144	157	164	22	228	71.9%	104.5%
PRISHTINA 3	169	145	168	23	216	77.8%	115.9%
GJILAN	174	229	313	27	314	99.7%	136.7%
FERIZAJ	129	175	213	25	232	91.8%	121.7%
PRIZREN 1	134	146	161	15	160	100.6%	110.3%
PRIZREN 2	126	145	156	14	160	97.5%	107.6%
GJAKOVA	66	54	55	4	58	94.8%	101.9%
PEJA	138	169	188	17	194	96.9%	111.2%
MITROVICA	93	185	165	18	206	80.1%	89.2%
Total	1,443	1,714	1,915	228	2,246	85.3%	111.7%

Table 14: Number of audits carried out during 2017-2019, and comparison with the same period
Source: Information Technology - VKME Module

Number of audits carried out by years 2017-2019

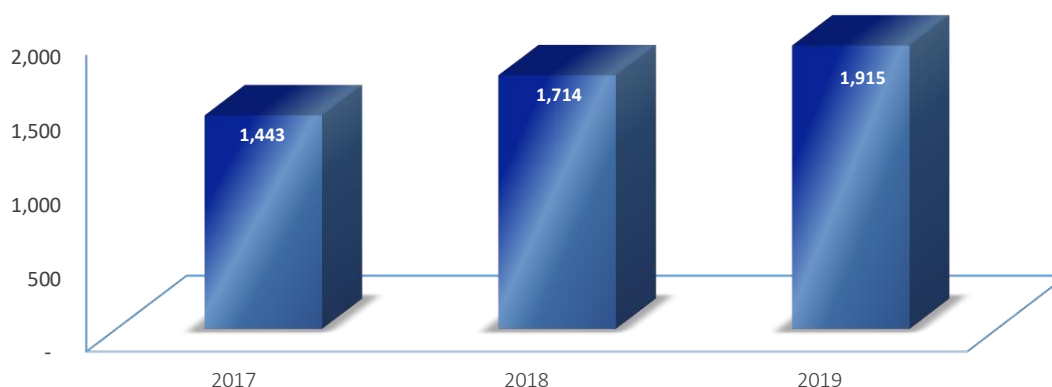


Chart 8: Number of audits carried out by years, 2017-2019



6. COMPLIANCE VISITS

During this period, a total of 38,528 visits have been conducted, 6,490 mandatory fines were imposed, and 383 fines for non-originating goods as a result of the observed irregularities. The plan for this period envisaged 29,717 visits, whereby the plan has been accomplished by 129.6%.

Table of compliance visits by regions:

Region	Number of conducted visits			Visits Plan for 2019	Comparison		Mandatory fines	Fines for non-originating goods
	2017	2018	2019		6=4/5	7=4/3		
1	2	3	4	5	6=4/5	7=4/3	8	9
LTD	1,169	1,136	1,145	720	159.0%	100.8%	53	5
PRISHTINA 1	5,047	4,605	4,800	4,411	108.8%	104.2%	902	62
PRISHTINA 2	3,620	5,414	3,819	3,221	118.6%	70.5%	1,027	46
PRISHTINA 3	3,950	4,235	4,045	2,983	135.6%	95.5%	1,156	49
GJILAN	4,105	7,029	3,964	3,935	100.7%	56.4%	477	39
FERIZAJ	3,769	4,846	5,129	3,102	165.3%	105.8%	568	85
PRIZREN 1	3,402	4,766	3,637	2,269	160.3%	76.3%	612	16
PRIZREN 2	3,201	4,658	3,738	2,269	164.7%	80.2%	417	24
GJAKOVA	1,514	1,524	1,245	841	148.0%	81.7%	125	8
PEJA	3,211	3,754	3,549	2,745	129.3%	94.5%	620	20
MITROVICA	4,237	4,334	3,457	3,221	107.3%	79.8%	533	29
Total	37,225	46,301	38,528	29,717	129.6%	83.2%	6,490	383

Table 15: Compliance visits by regional directorates 2017-2019 and comparison to the 2019 plan

Source: Information Technology - VKME Module

Table of compliance visits by regions

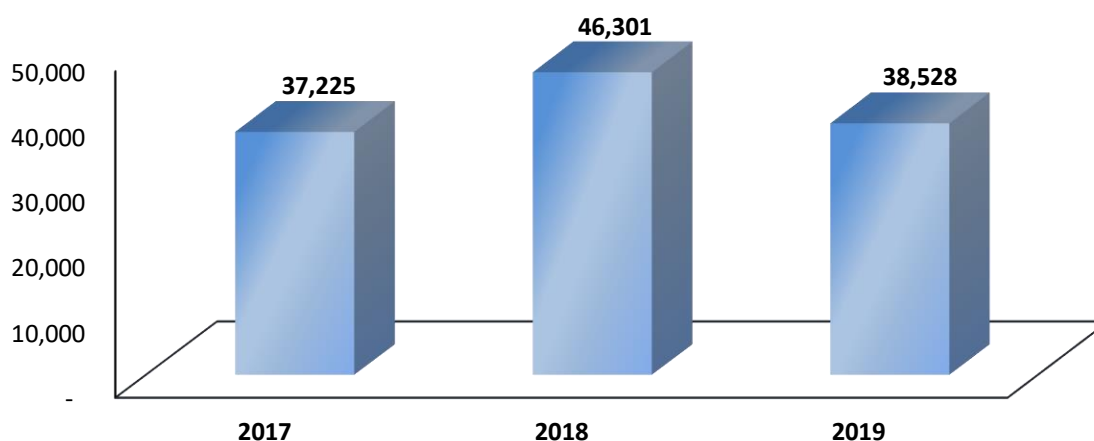


Chart 9: Visits conducted during 2017-2019



6.1. OUTCOMES FROM COMPLIANCE VISITS

During this period, as a result of compliance visits were imposed mandatory fines totalling to EUR 1.5 million.

The value of non-originating goods is EUR 1.3 million, as a result, the imposed fines amounted to EUR 13.9 million, additional turnover amounted to EUR 94.2 million, and as a result, there was additional tax in the amount of EUR 8.9 million, while the reduction of lending and losses amounted to EUR 9.7 million.

Table of outcomes from compliance visits:

Region	Value of mandatory fines	Value of non-originating goods	Fines for non-originating goods 25%	Stock shortage	Additional turnover	Additional tax	Credit reduction	Loss reduction
1	2	3	4	5	6	7	8	9
LTD	48,625	61,187	15,297	616,705	22,401,102	5,707,441	363,583	2,602,153
PRISHTINA 1	180,875	131,971	29,297	1,384,851	5,422,338	498,666	216,006	20,284
PRISHTINA 2	230,200	112,577	27,751	2,050,723	3,953,959	329,655	332,119	309,900
PRISHTINA 3	262,375	206,483	51,522	504,672	11,897,488	250,372	215,295	210,938
GJILAN	123,800	107,764	18,673	1,565,232	5,840,578	333,884	536,206	374,322
FERIZAJ	135,075	558,313	137,801	2,209,123	6,923,444	322,447	737,289	479,156
PRIZREN 1	156,225	14,294	3,573	597,945	20,314,811	223,632	245,184	175,234
PRIZREN 2	108,400	51,322	12,831	934,316	2,727,263	265,828	156,516	1,170,027
GJAKOVA	36,350	6,944	1,586	2,974,719	6,024,664	395,916	535,385	731,042
PEJA	135,500	27,079	6,844	522,291	1,477,589	135,673	109,027	37,013
MITROVICA	107,600	26,865	6,716	556,389	7,226,247	449,521	125,476	47,128
Total	1,525,025	1,304,799	311,891	13,916,965	94,209,483	8,913,036	3,572,086	6,157,197

Table 16: Outcomes from compliance visits

Source: VKME

Table of fines and comparison with the same period of the previous year:

Region	Number of Mandatory Fines 2019	Value of Mandatory Fines 2019	Number of Mandatory Fines 2018	Value of Mandatory Fines 2018	Index 2019/ 2018	Number of fines for non-origin goods 2019	Value of fines for non-origin goods 2019	Number of fines for non-origin goods 2018	Value of fines for non-origin goods 2018	Index 2019/ 2018
1	2	3	4	5	6=2/4	7	8	9	10	11=7/9
LTD	53	48,625	151	90,100	35.1%	5	15,297	7	7,899	71.4%
PRISHTINA 1	902	180,875	752	177,700	119.9%	62	29,297	68	33,646	91.2%
PRISHTINA 2	1,027	230,200	1,133	264,375	90.6%	46	27,751	26	7,812	176.9%
PRISHTINA 3	1,156	262,375	1,059	294,050	109.2%	49	51,522	26	12,844	188.5%
GJILAN	477	123,800	593	137,850	80.4%	39	18,673	31	9,165	125.8%
FERIZAJ	568	135,075	481	110,075	118.1%	85	137,801	21	8,066	404.8%
PRIZREN 1	612	156,225	662	158,775	92.4%	16	3,573	29	3,760	55.2%
PRIZREN 2	417	108,400	404	88,100	103.2%	24	12,831	36	9,470	66.7%
GJAKOVA	125	36,350	112	26,250	111.6%	8	1,586	14	15,519	57.1%
PEJA	620	135,500	455	82,750	136.3%	20	6,844	17	2,656	117.6%
MITROVICA	533	107,600	471	77,225	113.2%	29	6,716	40	6,226	72.5%
Total	6,490	1,525,025	6,273	1,507,250	103.5%	383	311,891	315	117,063	121.6%

Table 17: Outcomes from fines for 2019 and comparison with the same period of 2018

Source: Information Technology – VKME Module



7. TAXPAYERS REGISTRATION AND SERVICE⁶

The Department of Taxpayers Registration and Service (DTRS) has been established with the aim to provide support for taxpayers' registration and other services, with the aim of raising the level of taxpayers' awareness on voluntary tax compliance through:

- Facilitation of procedures, provision of professional, transparent and efficient services in accordance with tax laws, and
- Development of policies and procedures regarding the services needed for taxpayers.

DTRS considers that the Work Plan for 2019 has been successfully implemented, whereby taxpayers are provided education, information and facilitation of procedures through the provision of professional and timely services.

Requests submitted by the taxpayers, received in physical and electronic form, are treated with special commitment, thus responding to taxpayers in accordance with the Tax Legislation and within the legal deadline.

In order for taxpayers to be familiar with every step of the procedures required by tax legislation, novelties and other changes, are prepared/provided – Taxpayers Notices, via TAK's web site, Facebook, through taxpayers electronic addresses, Press Releases, Written and Electronic Media Interviews, Public Ruling/Documents, and the requests filed by the taxpayer within the legal timeline were reviewed, with a large number of Individual Rulings..

Activities related to Taxpayers Registration, declaration and payment, and Pension Contributions were successfully implemented.

Taxpayer Service Division - TSD aims and is responsible to provide taxpayers with the most professional services and raise the level of awareness of taxpayers regarding the fulfilment of tax obligations voluntarily.

1. Formulation of explanatory procedures and instructions

1.1. Taxpayer Communication Plan

1.2. Public Explanatory Decision No. 01/2019 on tax treatment of imports and supplies when financed directly by the European Commission

1.3. Public Explanatory Decision No. 02/2019 on tax treatment of long-term construction contract

1.4. Public Explanatory Decision No. 03/2019 obligation to pay VAT for the supply of services in the field of construction – applying the VAT reverse charge

1.5. Value Added Tax (VAT) leaflet/brochure

1.6. Personal Income Tax (PIT) leaflet/brochure

1.7. Corporate Income Tax (CIT) leaflet/brochure

1.8. Publishing of Frequently Asked Questions

⁶Public Explanatory Decisions No. 01/2019 (Annex 5)



2. Communication and cooperation with TSE teams of the Regional Directorates

Meetings were continuously held with TSE officials, whereby the aim was to discuss problems raised, support and training of TSE staff where necessary, and notification of Regional Offices with regard to any rule and procedure issued by the Head Office.

3. Design/update of forms for the development of the electronic declaration project - EDI, as well as other internal forms:

- Modification and Designing of the Annual declaration and payment form of the Personal Income Tax (PIT) and the Annual declaration and payment form of the Corporate Income Tax (CIT). Through these forms, taxpayers will be able to apply for refund for overpayments during the year or if they wish they may choose to designate the overpaid amounts during the year to cover their other unpaid obligations to TAK.

- Drafting and Designing of processes related to Business Registration for the purpose of interoperability of TAK and KBRA Information Technology Systems;

- Drafting of the Procedure for Closing Tax Accounts, which are not applicable under the Tax Legislation;

During this year the Annual declaration and payment form of the Personal Income Tax (PIT) and the Annual declaration and payment form of the Corporate Income Tax (CIT) were modified and designed for the second time. Using these forms, namely CIT forms, taxpayers who have sponsored in the field of sports, culture and youth by fulfilling the conditions stipulated by the Law on sponsorships, will be able to deduct those sponsorships from the mandatory amount of tax payable.

4. Communication with taxpayers: legal clarifications, responses, organizing seminars, meetings with stakeholder, outreaching taxpayers, education of young people in the field of taxation and educational campaigns to taxpayers for tax implementation.

4.1. Legal clarifications and responses to taxpayer requests

4.2. Seminars / training for taxpayers:

Training for Kosovo Telecom, with the following topics:

- Agreements on Elimination of Double Taxation (AEDT), and
- Law on Corporate Income Tax

Taxpayer Service Division - DSD, has organized Seminars for Taxpayers in all TAK regions such as: Prizren, Gjilan, Ferizaj, Mitrovica, Gjakova, Prishtina and Peja. The topic delivered/addressed in these seminars was "Annual Declaration and Reporting of Financial Statements". Additional seminars were also organized on topics such as: "Draft Compliance in the Construction Sector"; "Tax Treatment of Long-Term Construction Contracts" and "Legal amendments to Corporate Income Tax".

Tax Administration of Kosovo, in cooperation with the Academy of Justice, has delivered a Seminar for young prosecutors on the topic: "General information on the functioning of taxation in Kosovo". Following topics were presented / addressed in this seminar:

- Tax Administration and Procedures;
- Value added tax;



- Personal Income Tax;
- Corporate Income Tax;

4.3. Various announcements/notifications informing taxpayers

4.4. Attendance of trainings - courses:

- Contract Management in Public Procurement and Financial Audit, held in Durres, 11.04.2019-14.04.2019, organized by "Economic Development Consulting (ECD)".
- Training by GIZ on Teamwork, Taxpayer Service and Care.
- Training by KIPA on the Role and Responsibilities of the Audit Committee".
- Training by GIZ on Communication.
- Attendance of GIZ funded training on stress management at work, 09.11.2019
- Participation in the Workshop with TAIEX Experts on Articles 14 and 25, 26, 27 of the Law 06/L-105;
- Training with TAIEX - "Tax inspectors without borders

4.5. Presentation for elementary school pupils

TAK officials, respectively, from the regions: Prishtina, Gjakova, Prizren, Mitrovica, Gjilan, Peja, Gjilan and Ferizaj, delivered a total of twenty-eight (28) presentations for elementary school pupils. These presentations were attended by the fifth grade pupils/participants. Topics: The role of TAK in collecting revenues for the Kosovo Budget, as well as the importance of taxes in the overall development of the country.

4.6. Presentation for high school students

TAK officials, respectively from the regions of Prishtina, Gjakova, Prizren, Mitrovica, Gjilan, Peja and Ferizaj, delivered thirty-six (36) presentations to high school students – graduates - with the topic: Tax System in Kosovo.

Participation in Working Groups:

- Working Group on Modification of PIT and CIT Tax Forms;
- Working Group for drafting the Draft Law on Tax Administration and Procedures;
- AEDT Negotiation Team, reviewing the draft Agreement on Elimination of Double Taxation (AEDT) between the Republic of Kosovo and Portugal;
- Doing Business Working Group;
- Working Group on drafting the document on registration processes and the interoperability of TAK and KBRA IT systems;
- AEDT Negotiation Team - Conducting negotiations on AEDT between Kosovo and Ireland;
- Working Group on Drafting the Public Explanatory Decision on Applying the VAT Reverse Charge;
- AEDT Negotiation Team, review of the draft AEDT between the Republic of Italy and the Republic of Kosovo, in Rome, Italy;
- Working Group on Automation of Criteria for Categorizing Businesses in the Reimburs. Module;
- Working Group on Migration of Records from KBRA on the occasion of issuance of UIN to existing businesses;



- Working Group on the Project of Compliance in the Construction Sector, supported by the IMF;
- Working Group for drafting the Law on Health Insurance;
- “KAOE” Working Group on Drafting a Public Explanatory Decision according to which functional and technical requirements are set to enable the functionality of Fiscal Cash Registers Devices and Fiscal Systems in Kosovo;
- Working Group on Audit Techniques;
- Working Group on the Establishment and Functioning of the Interconnection between the Health Insurance Fund Information System and the TAK Information System;
- Working group, with representatives of UBO Company engaged by GIZ for the Taxpayers Survey 2019, drafting the survey questionnaire;
- Negotiation teams of the Republic of Kosovo and the Republic of Ireland for drafting AEDT, held in Dublin, Ireland;
- Team visit to Italy - “Exchange of experiences with other countries”;
- Working Group on “Audit Manual”;
- Working group in cooperation with the IMF for the preparation of the project in the hospitality and restaurant sector;
- Working group for drafting the Manual of Audit Techniques for Shareholders;
- Working Group on Consolidation of Mandatory Collection;
- Working Group for drafting the TAK Integrity Plan;
- Working Group on drafting the Concept Document on Recognition of Diaspora Invest. in Kosovo.

Activities performed by DTS - Head Office, presented in numbers:

Description of activities	Number of activities
Response in physical form	57
Response in electronic form	1008
Response in electronic form to Regions	183
Responses through TAK web page	817
Responses to journalists	12
Total responses	2,077
Preparation of materials	31
Participation in working groups	24
Conducted/delivered activities	141
Cooperation with other departments	170
Workshops/Training sessions with taxpayers	19
Attendance of Trainings and Courses	10
Training for TAK's staff	1
Meetings with taxpayers	449
TAK activities with the Media	7

Table 18: Activities performed by the Taxpayers Service-Head Office
Source: Taxpayers Service Report



Table of issued tax certificates by type of application:

No.	Type of Tax Certificate	TAK	Online Persons	Online EDI	Total	Structure by type
	1	2	3	4	5=2+3+4	%
1	Visa Application	29,551	25,623	19,643	74,817	56.1%
2	Other	7,451	5,183	-	12,634	9.5%
3	Tender application	2806	-	9,411	12,217	9.2%
4	Grant Application	2286	-	5,847	8,133	6.1%
5	Loan application	1032	-	6,503	7,535	5.6%
6	Citizenship waiver	3111	2,381	68	5,560	4.2%
7	Subsidy application	515	-	1,823	2,338	1.8%
8	License application	389	-	1,785	2,174	1.6%
9	Business deregistration	1912	-	-	1,912	1.4%
10	Donation application	84	-	1,207	1,291	1.0%
11	Citizenship acquisition	808	191	108	1,107	0.8%
12	License extension application	70	-	622	692	0.5%
13	Extension of residence permit in Kosovo	367	-	146	513	0.4%
14	Application for change of surname	132	75	267	474	0.4%
15	Application for customs warehouse	16	-	419	435	0.3%
16	Application for line extension	357	-	-	357	0.3%
17	Change of business form	335	-	-	335	0.3%
18	Maternity leave	46	-	286	332	0.2%
19	Deregistration of Fiscal Cash Registers	26	191	112	329	0.2%
20	Change of Business Ownership	181	-	-	181	0.1%
21	Annual Turnover	7	-	-	7	0.0%
Total		51,482	33,644	48,247	133,373	100.0%

Table 19: Issuance of tax certificates by type of application

Source: Taxpayers Service Report

At Taxpayer Service Centre (TSC) takes place direct provision of services to taxpayers, regardless of the geographical scope. Such service is functional in Prishtina and in all other Regional Directorates. Services are provided through the queue management system that is installed in all regional offices. In this center services are provided uniquely, in open counters.



Activities performed by DTS - Regional Office, presented in numbers:

Region	LTD	TSEC-PR	Gjilan	Ferizaj	Prizren	Gjakova	Peja	Mitrovica	Total
Applications	1190	54,381	12,569	10,029	19,677	9,836	8,936	10,451	127,069
Announcements	100	1475	333	161	158	18	118	183	2,546
Protocols/submissions	1	10,836	5,327	2,562	1,952	5,731	4,641	1258	32,308
Pension contributions		39	8,670	9,718	13,636	7,689	4,111	8,371	52,234
Other Works	43	6,742	8,873	800	1507	413	1,644	1636	21,658
Legal advices	58	3,121	390	1053	140	62	2	2,105	6,931
Produced certificates	22	3079	422	394	1,955	99	44	394	6,409
Approval of change of email addresses		962	158	293	284	82	116	116	2,011
Accepting of envelopes	1	3,535	626	716	1052	810	360	575	7,675
Total	1415	84,170	37,368	25,726	40,361	24,740	19,972	25,089	258,841

Table18: Activities performed by Taxpayer Service Centers - Regional Offices

Source: Taxpayers Service Report

7.1. REGISTRATION

- Equipping with a Fiscal Number: The Registration Division receives and reviews application for Fiscal Numbers.
- Provision of written and oral professional opinions on legal matters related to business registration and tax officials. The statistical data are given in the following table.
- Regulation of taxpayer records with different status. During the reporting period all taxpayers such as Political Parties, Budget Organizations and Foreign Organizations, Partnerships were regulated. The taxpayers with Individual Business status are also in the process.
- Cooperation with KBRA and Department for Registration of NGOs.

DESCRIPTION OF ACTIVITIES	NUMBER
Creation of Fiscal Numbers for Existing Businesses	64
Application for fiscal number for individuals	4
Application for registration of individual business	67
Application for registration of legal business	85
Fiscal Number Certificate for Fiscal Representative	8
Change of Person as Fiscal Representative	1
Non-resident unit registration	-
Application for registration of shareholders or Partners	122
Cancellation of Application - Fiscal Number Application for Fiscal Representative	3
Cancellation of a Fiscal Number	1
Activation of businesses	1
UIN replacement - when two numbers are created	6
Change of VAT registration date	-
Application for adjustment of tax account	115
De-activation of businesses	-



Transfer of status	25
Transfer of business status to "other" status	25
Electronic response to Regions	22
Electronic response	115
Physical response	4
Meetings with taxpayers	82
Meeting with other Departments, KBRA, etc.	1
Analyzing Trust lists about NIT (Occasions)	178
Cases of KBRA	38
Participation in Working Groups	2
Change of manager name	2
Change of business form- type from I.B to L.L.C.	217
Change of business ownership	105
Application for Adjustment of UIN	972
Registration of New Business in KOSPROD	488
Problems delegated by Regional Directorates	16

Table 19: Taxpayer Registration Activities

Source: Taxpayer Education and Service Department

For the use of electronic declaration - EDI, until now a total of 102,639 taxpayers have been registered, while 99,287 taxpayers have used this system. For this year, through the EDI system, 2,388,216 declarations (including corrections) have been delivered/issued, whereby we have the following structure of declarations by tax types: for VAT 14.5%, for Withholding Tax and For Pension Contributions (WM & CM) 27.8% each, for Tax on Interest, Dividends, Royalties, Rental, Lottery Winnings and Games of Chance (WR) 11.0%, and for other taxes all together 10.3%.

Table of electronic declarations by months:

Table of electronic declarations by months:

MONTH	PT	DECLARATION	VAT	WM	CM	IS	QS	PIT	CIT	WR	IR	DO
1	48,756	246,093	31,559	58,606	58,256	28,297	6,850	1,464	1,069	21,320	1,010	55
2	39,084	175,840	27,652	52,834	52,808	6,573	2,611	2,161	1,615	21,491	443	90
3	40,467	188,695	32,181	52,521	52,342	6,262	2,060	6,845	6,853	21,478	687	251
4	49,190	235,857	27,571	56,156	55,843	26,161	6,263	2,106	3,051	21,751	982	140
5	40,252	179,429	29,250	54,558	54,150	6,266	3,007	688	1,207	22,024	582	52
6	39,739	166,599	25,811	51,896	51,850	5,692	1,902	409	521	21,142	400	37
7	50,717	241,500	28,464	59,157	59,109	26,987	6,559	658	457	22,749	1,039	46
8	39,664	164,505	25,368	51,817	51,700	5,145	2,253	493	273	20,929	412	16
9	40,849	173,163	27,705	53,807	53,607	6,159	2,097	401	259	21,477	453	34
10	51,711	249,950	29,993	60,395	60,286	28,768	7,284	406	299	23,661	1,100	37
11	40,904	175,741	29,393	54,257	54,144	5,915	2,275	405	291	21,733	452	10
12	41,840	185,844	29,818	58,535	58,351	6,172	2,190	330	244	22,630	419	13
Total	523,173	2,383,216	344,765	664,539	662,446	158,397	45,351	16,366	16,139	262,385	7,979	781

Table 22: Electronic declarations by months and tax types

Source: SharePoint, TAK

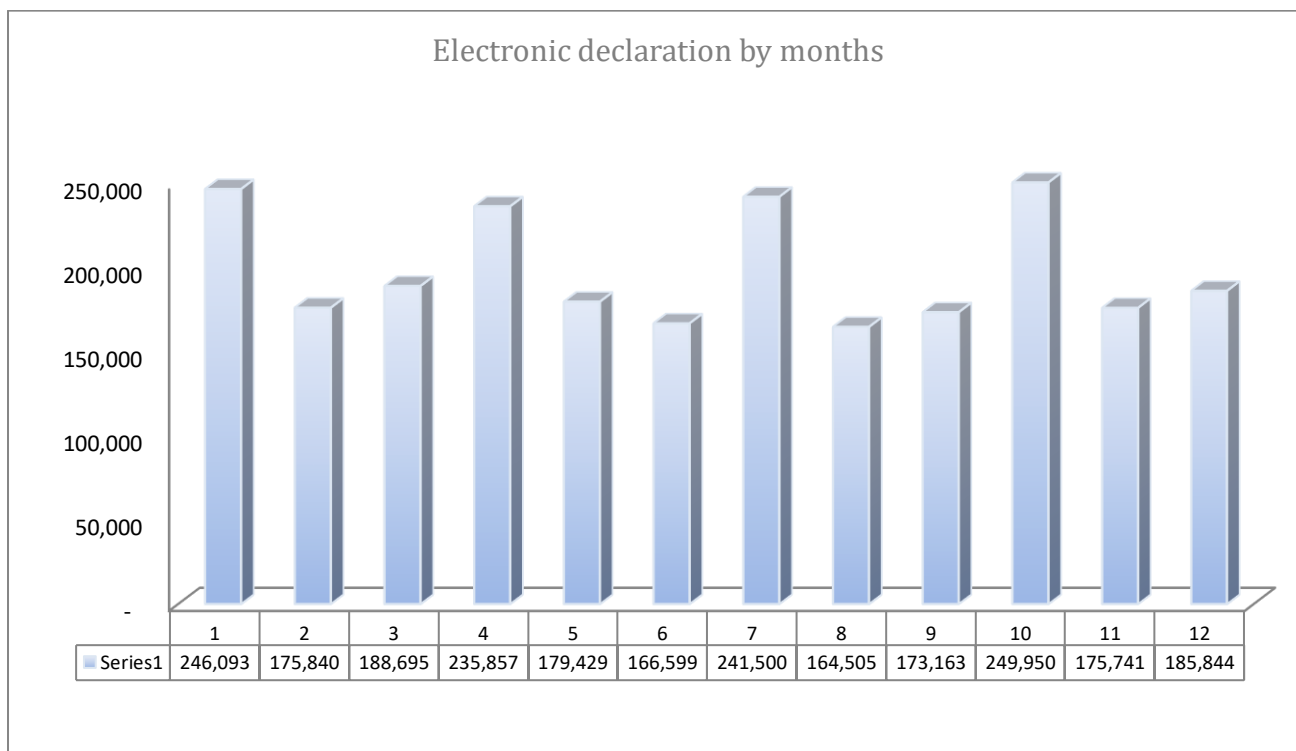


Chart 10: Electronic declarations by months

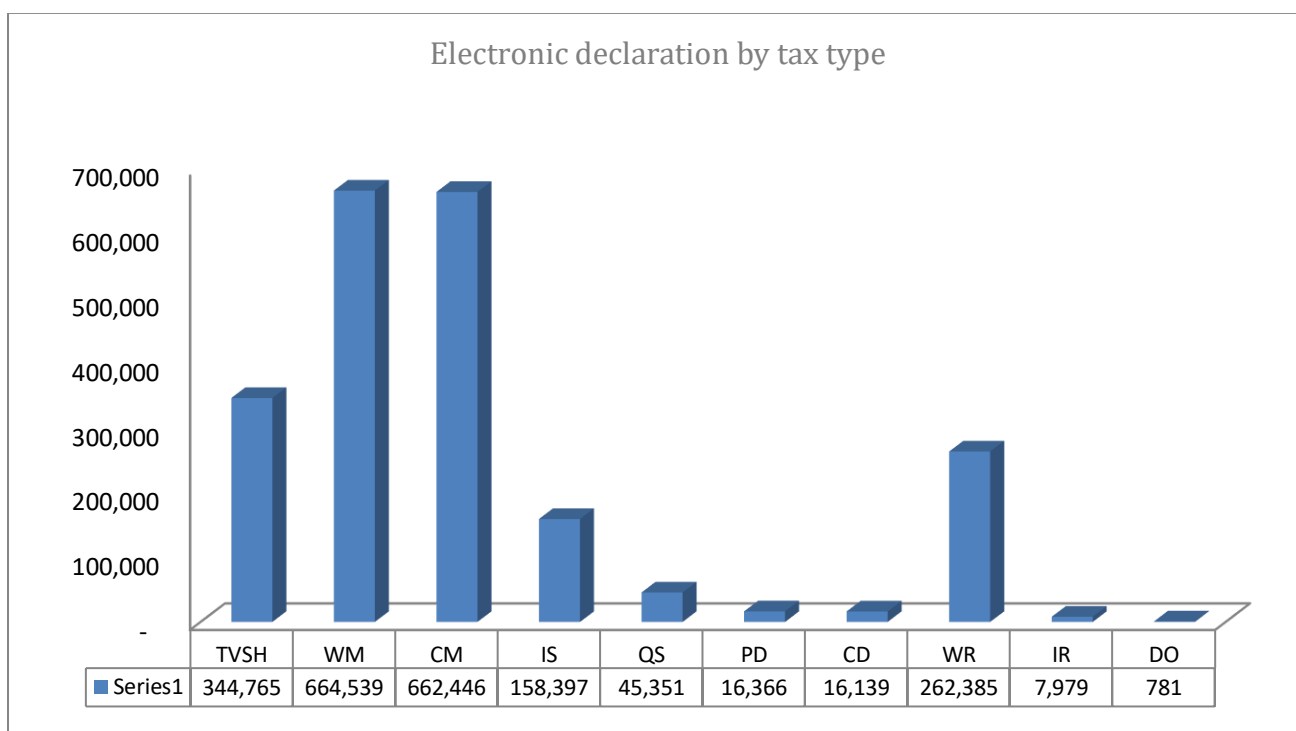


Chart 11: Electronic declaration by tax type



8. CALL CENTER

The mission of the Tax Administration Call Center is to contact and communicate with taxpayers and create and use appropriate and cost effective methods for taxpayers.

During the period January-December, the Call Centre delivered the following activities:

- A total of 57,873 successful calls carried out.
- 20,378 taxpayers informed on debt amounting to 100-5000€ and missing statements in the system
- 32,428 taxpayers informed on the missing of different types of declarations.
- 5,067 taxpayers informed about the unpaid fines
- Cases of non-accomplished phone calls due to the wrong number and non-response by the taxpayer amounted to 19,667 Taxpayers.
- 10,076 taxpayers verified payments received by CBK following the calls from the report.
- 133 verified cases that have made declarations without being contacted by the Call center
- Number of declarations is 400,932 after being contacted by the Call Center.
- 680 taxpayers paid the fines after being contacted by the Call Center.
- 322 non-filing VAT cases have been closed by IT within the World Bank activity.

The number of incoming calls is 9,009. Taxpayers have mainly contacted the call center to get additional information on VAT, PIT, CIT, business registration and deregistration, EDI Declaration, debt, declarations missing in the system, fiscal cash registers, reporting of purchases over € 500, after receipt of notice from TAK on business tax obligation in construction activity related to administrative issues, etc.

During the period March - December 2019, 102 cases for transfer of records to TAK system after being provided with a Unique Identification Number (UIN) were submitted to the Registration Division and Taxpayers Service Division by the CC.

During this period, officials and operators of CC participated in a training organized by GIZ on: Taxpayer experience, teamwork, presentation and direct communication skills, stress management and self-orientation and persistence in communication.

During this period, CC has implemented two projects:

- Campaign with businesses with unpaid fines-
- The World Bank's "Behavioural Approach" project contacting non-VAT declarers and sending them two messages. The existing message and new message prepared by WB.

Results of activities in the Call Centre:

Description of activities	January - December 2018	January – December 2019	Increase/Decrease	In %
Successful calls	50,717	57,873	7,156	14%
Unsuccessful calls	21,049	19,667	-1,382	-7%
Verification of payments	13,371	10,076	-3,295	-25%
Total activities	85,137	87,616	2,479	-17%

Table 23: Activities carried out by the Call Centre

Source: Call Centre Report



Based on the data from the cumulative report, the number of successful calls during the period January-December 2019, compared to the period January-December 2018 has increased by 7,156 calls or 14%. Number of the unsuccessful calls has dropped by 1,382 or 7%. Payment verification decreased by 3,295 verified cases or 25%.

Payments realized in LTD and Regional Directorates:

Region	January-December 2018	January-December 2019	Increase/Decrease	In %
LTD	30,735.76	61,281.59	30,545.83	99%
PRISHTINA 1	700,305.21	784,491.15	84,185.94	12%
PRISHTINA 2	441,541.37	464,913.65	23,372.28	5%
PRISHTINA 3	409,241.86	457,731.66	48,489.80	12%
GJILAN	285,901.86	331,058.58	45,156.72	16%
FERIZAJ	272,948.00	368,550.02	95,602.02	35%
PRIZREN 1	291,594.32	397,756.99	106,162.67	36%
PRIZREN 2	243,097.28	214,452.33	-28,644.95	-12%
GJAKOVA	135,155.06	126,267.26	-8,887.80	-7%
PEJA	225,804.33	284,743.10	58,938.77	26%
MITROVICA	206,248.02	244,977.67	38,729.65	19%
Total	3,242,573	3,736,224	493,651	15%

Table 24: Report on payments in LTD and Regional Directorates by Call Centre
Source: Call Centre Report

9. FISCALIZED BUSINESSES IN LTD AND REGIONS

During the period January - December 2019, the Division of Fiscal Cash Registers, within its scope and tasks assigned to it, has carried out numerous activities, some of which are directly related to the work and activities of the Department of Operations.

During this period, 2,347 new businesses were equipped with fiscal cash registers, where 37 businesses dealing with the sale of fuels have been fiscalized with the Fiscal System. During this period, 536 businesses were also provided with additional equipment.

During this period, 3,671 Fiscal Electronic Devices (FEDs) were installed, with 113 FEDs (Fiscal Systems) installed to businesses dealing with sale of fuels.

The total number of businesses equipped with fiscal cash registers is 32,731, while the total number of installed fiscal cash registers is 42,985.

Businesses equipped with fiscal cash registers for the period January-December / 2019, 2018 by regions are as in the table below:



ACTIVITIES	LTD	Prishti na 1	Prishti na 2	Prishti na 3	Gjilan	Ferizaj	Prizre n 1	Prizre n 2	Gjakov a	Peja	Mitrov ica	Total
Businesses equipped with fiscal cash register-2019	6	557	309	164	198	238	208	83	96	360	128	2,347
Businesses equipped with fiscal cash register-2018	4	491	255	119	286	339	238	65	121	250	155	2,323
Increase in the number of businesses equipped with fiscal cash registers 2019/2018 in %	50.0 %	13.4%	21.2%	37.8%	-30.8%	-29.8%	-12.6%	27.7%	-20.7%	44.0%	-17.4%	1.0%

Table 25: The situation of businesses with fiscal cash registers by Regional Directorates

Source: Fiscal Cash Register Report

With the entry into force of the Administrative Instruction (MF) No. 01/2015, Article 26 *“Incentives and motivation for taking fiscal receipts”* and AI 01/2017 and finally AI (MF) No. 02/2018 obliges TAK to reimburse the financial means for citizens who submit fiscal receipts. The Fiscal Cash Register Division, in cooperation with other departments (Department of Taxpayers Service and Education, Department of Information Technology, Department for Program Support and Operations Department), Treasury and CBK have successfully managed this project during the period January - December 2019.

During the period January-December 2019 (Q4/2018,Q1/2019,Q2/2019,Q3/2019) 242,216 citizens have applied, 7,983 beneficiaries have been selected, 7,671 envelopes have been accepted, 7,671 envelopes have been verified, 15 envelopes have not met the conditions for reimbursement, 7,656 citizens have been followed-up for reimbursement in the amount of EUR 757,317.37, and 406 citizens have been rejected in the amount of EUR 39,944.37 for various reasons, such as: *bank account errors, incorrect personal information, etc.*

Table of reimbursement for fiscal receipts:

Period	Application	Accepted	Number of verified envelopes	Number of citizens have been followed-up for reimbursement	Amount of reimbursement	Rejected by the bank	Amount rejected by the bank
Q4/2018	61,269	2,662	2,662	2,659	262,654	178	17,492
Q1/2019	61,549	2,313	2,313	2,308	227,902	122	11,866
Q2/2019	59,342	1,251	1,251	1,248	123,943	47	4,700
Q3/2019	60,056	1,445	1,445	1,441	142,819	59	5,886
Total	242,216	7,671	7,671	7,656	757,317	406	39,944

Table20: Reimbursements for fiscal receipts

Source: Report on fiscal cash registers

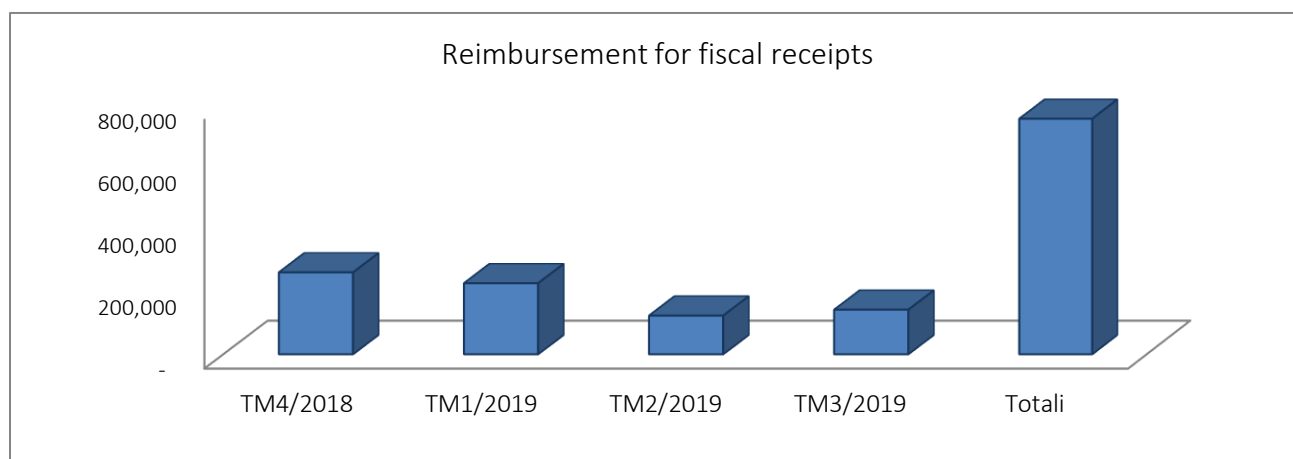


Chart 10: Graphic presentation of reimbursements for fiscal receipts

10. REIMBURSEMENTS AND REFUNDS

The total amount of approved reimbursements is EUR 50.9 million, of which EUR 41.7 million is transferred to accounts for all types of taxes, whereas means in the amount of EUR 9.2 million are transferred for covering TAK/PS liabilities.

According to Tax types, the highest approved values are for VAT reimbursement and refund, namely EUR 45.6 million, EUR 3.8 million for Corporate Tax, EUR 708.400for Personal Income Tax, and so on.

Table of reimbursements by types of taxes:

Type of tax	Number of requests approved 2019	Transfer to taxpayer account	TAK obligations	Obligations KP/CM 2019 (transfer trust)	Structure %	Comparison
1	2	3	4	5	6=2/Σ	7=4/2
Reimbursements – VAT	44,223,981	35,925,589	7,283,460	1,014,932	86.8%	16.5%
Refund – VAT	1,430,285	815,744	32,573	581,969	2.8%	2.3%
Reimbursements - PIT	585,323	536,241	41,146	7,936	1.1%	7.0%
Refunds - PIT	123,172	83,455	0	39,717.36	0.2%	0.0%
Reimbursements - CIT	863,736	710,979	148,001	4,755	1.7%	17.1%
Refunds - CIT	2,940,310	2,876,020	31,420	32869.65	5.8%	1.1%
Refunds WR	-	-	-	-	0.0%	#DIV/0!
Rent tax refunds PIT	-	-	-	-	0.0%	#DIV/0!
Refunds KP	-	-	-	-	0.0%	#DIV/0!
Mandatory fine Refunds	-	-	-	-	0.0%	#DIV/0!
Reimbursement for fiscal receipts	757,417	757,417	-	-	1.5%	0.0%
Total	50,924,224	41,705,445	7,536,600	1,682,178	100.0%	14.8%

Table 21: Reimbursements and Refunds 2019

Source: Division for Procedures and Fiscal Cash Registers



The table below shows the reimbursements and refunds for 2019 by month (VAT, CIT, PIT and KP), whereby it is noted that most of the reimbursements/refunds were handled and processed in February, May, July and December 2019.

Reimbursements VAT, CIT, PIT and KP

2019	APPLICATION		APPROVALS		DEBT Basic Tax, Penalty, Interest	PENSION			TAXPAYER	Average
	Number	Amount	Number	Amount		Basic	Penalty	Interest	Transfer acc. tax	Daily
January	499	4,341,254	224	3,034,662	1,347,177	60,642	6,879	4,856	1,615,108	19
February	501	4,370,814	379	3,661,009	230,388	74,828	9,648	6,102	3,340,042	13
March	533	6,631,080	320	2,484,723	534,562	38,463	6,395	3,411	1,901,891	14
April	347	5,261,762	283	1,972,423	291,827	24,569	3,551	1,868	1,650,608	17
May	213	5,783,808	225	5,212,742	728,963	180,911	15,214	10,371	4,277,284	21
June	162	6,271,692	79	3,510,471	410,437	33,604	2,125	1,124	3,063,180	18
July	272	5,487,498	222	4,913,618	649,579	25,256	4,045	1,978	4,232,760	18
August	309	4,983,943	268	4,770,121	551,602	90,885	8,223	4,198	4,115,213	15
September	207	6,156,847	176	2,136,826	200,713	33,448	7,086	4,186	1,891,392	13
October	193	4,927,561	166	3,952,546	1,032,031	368,307	21,750	12,629	2,517,830	14
November	165	5,796,238	137	4,656,570	279,126	39,003	4,869	2,197	4,331,374	14
December	177	4,779,581	127	5,367,331	1,058,385	57,707	10,413	4,698	4,236,128	16
Total	3,578	64,792,081	2,606	45,673,040	7,314,790	1,027,623	100,198	57,619	37,172,810	16

Refunds VAT, CIT, PIT and KP

Period	No. of applications	Amount required	No. of approvals	Amount approved	Amount in account	Amount in obligations (TAK)	Amount in obligations (KPST)
January	2	24,322	2	24,322	23,840	-	482
February	13	2,272,160	13	2,272,160	2,265,609	-	6,551
March	10	207,588	10	207,291	138,608	25,750	42,933
April	5	218,721	5	170,954	132,159	2,713	36,081
May	19	512,093	19	512,093	324,962	23,988	163,143
June	9	81,745	9	71,050	10,416	-	60,634
July	12	115,030	12	115,030	93,870	-	21,160
August	10	213,701	10	194,531	123,921	11,542	59,067
September	14	192,747	14	123,469	50,182	-	73,287
October	4	504,853	4	407,262	386,934	-	20,328
November	7	325,210	7	325,210	224,718	-	100,493
December	11	83,121	11	70,396	-	-	70,396
Total	116	4,751,291	116	4,493,767	3,775,218	63,993	654,556

Table 22: Reimbursements and refunds by months

Source: Report of the Division for Procedures



11. COMPARISON OF DEBT COLLECTION WITH THE PLAN IN LTD AND REGIONS

Debt collection in 2019 amounted to EUR 109.1 million, compared to EUR 75.3 million in 2018. This year have been collected EUR 33.7 million more than in 2018, namely 44.8% more. While compared to the planned debt collection, 76.4% is realized.

A debt collected in the amount of EUR 109.1 million also includes payments from the VAT reimbursement procedure of EUR 7,283,459.80 which has been transferred to TAK obligations⁷.

In the structure of debts collected, the taxes are worth EUR 88.8 million, while the rest are pension contributions in the amount of EUR 20.2 million.

At the end of 2019, the stock of tax collectable debt was 235.5 mil.euro.

Table of debt collection and comparison with the plan:

Region	Collection of debts for the period January - December / 2019			%	2019 Plan	Comparison	
	2017	2018	2019			7=4/6	8=4/3
1	2	3	4	5=4/Σ	6	7=4/6	8=4/3
LTD	15,149,108	16,309,240	36,261,174	33.2%	15,521,219	233.6%	222.3%
PRISHTINA 1	10,830,354	13,576,476	17,329,091	15.9%	27,752,819	62.4%	127.6%
PRISHTINA 2	6,768,175	7,965,214	10,754,763	9.9%	15,918,930	67.6%	135.0%
PRISHTINA 3	7,827,574	10,873,120	11,572,433	10.6%	17,291,673	66.9%	106.4%
GJILAN	3,400,341	3,590,362	4,630,489	4.2%	9,273,916	49.9%	129.0%
FERIZAJ	4,565,747	4,679,306	5,818,760	5.3%	13,247,171	43.9%	124.4%
PRIZREN 1	3,714,584	5,017,567	6,249,169	5.7%	11,138,084	56.1%	124.5%
PRIZREN 2	2,780,660	3,731,653	3,719,217	3.4%	10,526,242	35.3%	99.7%
GJAKOVA	1,732,633	1,847,140	2,161,632	2.0%	4,337,373	49.8%	117.0%
PEJA	3,279,546	3,855,155	5,720,901	5.2%	8,464,194	67.6%	148.4%
MITROVICA	2,610,951	3,886,939	4,894,389	4.5%	9,290,637	52.7%	125.9%
Total	62,659,673	75,332,172	109,112,018	100.0%	142,762,258	76.4%	144.8%

Table 23: Comparison of estimated and collected debts 2017-2019

Source: General Reports - Debt Analysis and LTD

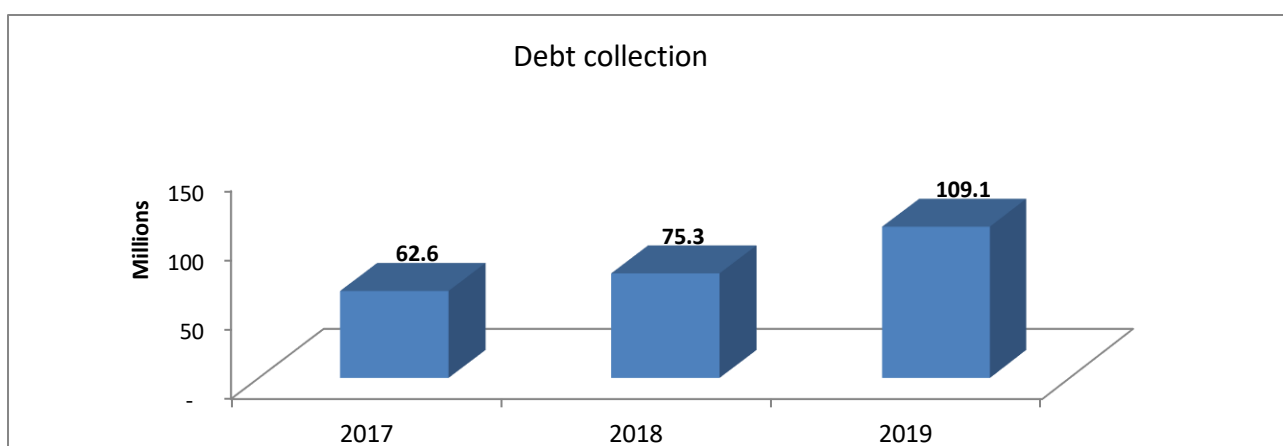


Chart 11: Graphic presentation of debt collection 2017-2019

⁷ Debt Collection for 2017, 2018 and 2019 is taken from the General Debt Analysis Reports and the value of VAT Reimbursement by LTD



12. TAX INVESTIGATIONS AND INTELLIGENCE

DTII carried out the following activities: 176 activities for the purpose of verifying whether or not tax declarations are accurate and whether there is tax evasion, 117 interviews, 240 consultations with Prosecutor's Office, 37 open cases, 48 criminal charges (reports of initial suspicion), 1 raids, 24 final investigative reports, 193 requests for information from third parties, and 207 pieces of information to third parties.

During this period, results from tax evasion were carried out in the amount of EUR 5,315,187.67, without penalties and interests.

Activities conducted by the DTII

Operational activities	Interviews	Cooperation-Consultations (meetings) with Prosecutors	Open cases	Criminal charges (reports of initial suspicion)	Raid s	Final investigative reports	Information from third parties	Information to third parties	Tax evasion (without penalties and interests)
1	2	3	4	5	6	7	8	9	10
176	117	240	37	48	1	24	193	207	5,315,187

Table 24: Activities conducted by the Investigation and Intelligence Unit

Source: Tax Investigation Unit

13. ACTIVITIES RELATED TO LEGAL INTERPRETATIONS AND REPRESENTATIONS

Division for Legislation and Legal Interpretations during the January – December 2019 period, within its scope, has developed and implemented the following activities:

Regional offices and units within TAK addressed 310 requests to this division during this reporting period, out of which 308 have been completed while 2 are under process, and:

The number of requests received for legal interpretations was 131, where 130 have been completed and only 1 is under process;

- The number of requests for legal advice and opinions was 55, with all 55 being completed;
- The number of responses to requests for clarification and other information during this period was 124, of which 123 requests were answered and 1 is under process 1.

The participation of officials of this division at various meetings of the working groups during the reporting period is as follows:

- Officials participated in 44 meetings of inter-ministerial working groups outside TAK, out of 44 meetings held in total, and

Officials participated in 90 meetings of working groups within the Tax Administration, out of 90 organized in total.

During the reporting period, officials of this division participated in 188 official meetings with different tax officials from regional offices or various departments within the Central Office in order to provide legal support for legal issues.



Also, the number of participation of officials of this division in various committees established by the Director General for this reporting period has been in 115 committee sessions.

In the meantime, in the same period we have received 31 draft laws and draft instructions as well as 37 different official documents for providing comments and recommendations on those drafts.

The activities conducted and delivered are presented in tabular form as follows:

Report of Division for Legislation and Legal Advice for the period January-December / 2019										
Activities of the Division	Requests from regional offices and other units within the Tax Administration			Participation of officials in different working groups		Participation of officials in official meetings and various commissions		Comments on laws, sub-legal acts, and other official documents		
	Requests for legal interpretation	Requests for legal advice/opinions	Answers to requests for clarifications and other information	Participation in working groups outside TAK	Participation in working groups within TAK	Provision of legal support in official meetings	Different commissions	Comments on laws and other sub-legal acts	Comments on different documents	Comments on memorandums and other official acts
1	2	3	4	5	6	7	8	9	10	11
Received	131	55	124	44	90	188	115	31	37	9
Completed	130	55	123	44	90	188	115	31	37	9
Ongoing	1	0	1	0	0	0	0	0	0	0
TOTAL	131	55	124	44	90	188	115	31	37	9

Table 25: Activities carried out by the Division for Legislation and Legal Advice

Source: Report from legal services

Legal Representations⁸

Division for Inter-Institutional Representation and Cooperation (DIRC), considers that the work plan for this period has been successfully implemented, with TAK being properly represented at all levels of judicial proceedings, beginning with the Basic Courts, the Court of Appeals, the Supreme Court, the Special Chamber, the Basic Prosecution Offices etc.

During the period January - December 2019, under the authorizations, the DIRC has developed and conducted the following activities:

- The number of criminal charges filed against persons suspected of tax evasion, abuse of authorizations in the economy and organization of unlawful gambling is 24, the number of evaluations for the region in the absence of evidence is 8;
- During this period, we represented TAK in 380 court sessions in Basic Courts and the Court of Appeals and private enforcement agents, and we presented in 38 sessions at the Department of Appeals.
- There are 225 claims filed against the DA decisions, with each being responded to the court;
- We have received 27 court financial expertises on DA decisions, and we have responded to all of them;

The appeals filed by TAK against the judgments of the Basic Courts and the Court of Appeals are 9;

- We have responded to 160 cases with submissions to the Basic Court and the Court of Appeals;

⁸ Details on all criminal prosecutions in the area of taxation under Law 03/L-222, namely Article 8, paragraph 8.6. (Annex 13)



- Claims filed against IOBCSK decisions for initiating administrative conflict are 1;
- Judgments received by the Prosecution Office are 24, where we responded according to legal requirements;
- Judgments received by the courts are 127, where we responded according to legal requirements;
- Judgments received by the Basic Court are 228, where we responded according to legal requirements;
- Judgments received by the Court of Appeals are 45, where we responded according to legal requirements in all of these judgments;
- Judgments received by the Supreme Court - Special Chamber are 79, where we responded according to legal requirements in all of these judgments;
- During this period we have issued 60 legal opinions on judgments and decisions received and 129 different responses to the regions, police, prosecution offices, courts, State Advocacy and other relevant institutions.
- Participation in the Appeals Committee within the Tax Administration of Kosovo.
- Participation in the Steering Committee for Functional Review of Rule of Law Sector.
- Participation in the Working Group regarding the drafting of the Guidelines for the Law on General Administrative Procedure.

Activities developed and conducted according to the files and their participation:

Regions	Files received by Regional Offices and the actions of the Legal Office regarding files					Representation of TAK in judicial hearings and DA		Responses to claims, Objection of Expertise, Appeals against Judgments of Basic Court - Fiscal Division			Claims against IOBCSK decisions, Appeals against Decisions and Responses to various Submissions		
	Files received and those forwarded from the previous year	Reviewed files	Files not reviewed	Criminal charges	Assessment of regions	Appeals Division	Basic Courts, Court of Appeal and private enforcement agents	Responses to claims of the Basic Court - Fiscal Division	Objections of Financial Expertise regarding decisions	Appeals against judgments of the Basic Court and Court of Appeals - Fiscal	Division Claims against decisions of the Independent Civil Service Council	Appeals against Judgments	Responses to the Court
1	2	3	4	5	6	7	8	9	10	11	12	13	14
LTD	-	-	-	-	-	-	50	44	5	4	-	-	-
Prishtina 1	2	2	-	2	-	-	59	36	4	1	-	-	-
Prishtina 2	5	5		3	-	-	21	18	2	-	-	-	-
Prishtina 3	-	-	-	-	-	-	35	39	5	-	-	-	-
Gjilan	5	4	1	3	1	-	56	17	2	1	-	-	-
Ferizaj	3	1	2	1	-	-	30	14	1	-	-	-	-
Prizren 1	-	-	-	-	-	-	25	13	2	2	-	-	-
Prizren 2	11	8	3	6	2	-	24	10	2	-	-	-	-
Gjakova	-	-	-	-	-	-	37	8	1	-	-	-	-
Peja	-	-	-	-	-	-	27	7	2	1	-	-	-
Mitrovica	16	14	2	9	5	-	14	19	1	-	-	-	-
CO	-	-	-	-	-	-	7	-	-	-	1	1	-
TOTAL	42	34	8	24	8	38	380	225	27	9	1	1	

Table 26: Activities carried out by the Division for Inter-institutional Representation and Cooperation

Source: Report from Legal Services



Judgments, decisions, appeals and legal advice:

Regions	Judgments, decisions, orders received by courts, Prosecutor's Offices, private enforcement agents, and TAK actions						Complaints to PAK, SCSC, Response to Defence for SCSC					Legal advice, participation in working groups	
	Decisions of Prosecutor's Office	Decisions of Courts	Orders of Courts	Judgments of Basic Courts	Judgments of the Court of Appeals	Judgments of the Supreme Court	Complaints in SCSC against PAK Decisions	Complaints to the Panel of the SCSC	Response to Defence of the SCSC	Rejoinders to SCSC	Legal advice	Responses to various case files	Participation in Committees and Groups.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
LTD	1	16	-	30	10	6	-	-	-	-	-	-	-
Prishtina 1	4	25	-	37	8	19	-	-	-	-	-	-	-
Prishtina 2	-	11	1	14	4	5	-	-	1	-	-	-	-
Prishtina 3	-	17	-	30	3	1	-	-	-	-	-	-	-
Gjilan	-	10	-	23	6	7	-	-	-	-	-	-	-
Ferizaj	16	14	-	15	-	6	-	-	-	-	-	-	-
Prizren 1	-	9	-	11	1	3	-	-	-	-	-	-	-
Prizren 2	-	9	-	14	-	12	-	-	-	-	-	-	-
Gjakova	-	1	-	23	3	4	-	-	-	-	-	-	-
Peja	-	5	-	14	4	8	-	-	-	-	-	-	-
Mitrovica	3	5	1	14	5	8	-	-	1	-	-	-	-
CO	-	3	-	3	1	-	-	-	-	-	-	-	-
TOTAL	24	127	2	228	45	79	-	-	2	0	60	129	25

Table 27: Activities carried out by the Division for Inter-Institutional Representation and Cooperation

Source: Report from Legal Services

14. COMPLAINTS OF TAXPAYERS

The Appeals Division in the period January - December 2019 has developed and conducted activities based on its responsibilities, has received a total of 612 complaints, and transferred 62 from the previous year, so there were 674 complaints.

The total number of the complaints was disaggregated by type. Thus, the following complaints are for audits:

- 35 complaints transferred from 2018
- 287 complaints were received in 2019
- 265 complaints were reviewed in 2019
- 57 complaints transferred to 2020

Complaints in field activities and on fine imposing decisions:

- 17 complaints transferred from 2018
- 200 complaints were received in 2019
- 200 complaints were reviewed in 2019
- 17 complaints transferred to 2020

Complaints from the Court, Taxpayer Advocate for other matters:

- 10 complaints transferred from 2018

- 125 complaints were received in 2019
- 122 complaints were reviewed in 2019
- 13 complaints transferred to 2020

From the total of complaints, we have the reports as follows:

- 674 complaints transferred and received,
- 587 complaints reviewed,
- 417 complaints resulted negative
- 43 complaints resulted positive
- 83 complaints partially
- 28 complaints have expired
- 12 complaints are re-audited
- 4 complaints are suspended
- 87 complaints in process

15. MEDIA AND PUBLIC COMMUNICATION⁹

During the period January-December 2019, TAK General Director of TAK held 27 meetings with high level management, whereby it was discussed about topics related to the implementation of the Strategic Plan and Operational Plans and other topics of interest in order to achieve the planned objectives for this period. There were 245 meetings held with local and international institutions and another 65 meetings held with foreign and domestic parties as per request. During this period, TAK General Director had 19 media appearances where topics such as TAK's achievements, challenges and priorities were addressed.

During January-December 2019, Public Communication Office has been continuously engaged in implementing the objectives based on the Media Plan and Communication Plan foreseen in the Annual Work Plan for 2019, thus undertaking numerous activities.

Even during this period, the Communications Office has arranged the section of presentations in the media, thus initiating interviews and announcements for electronic and written media. During 2019, TAK had 55 media appearances, where it discussed various topics related to TAK activities, provision of new services, achievements and progress that TAK has recorded during this period.

An overview of TAK's developments and activities has always been present in the media, through press releases, whereby 86 press releases have been published.

A total of 130 questions of journalists have been answered. The topics were mainly related to revenue collection, gambling activities, publication of t/p list, debt, application of tax exemptions for manufacturers, singers tax liabilities, refund campaigns, crypto currency tax liabilities, etc.

⁹Internal Memorandums and Agreements (Annexes 9 and 10)



During this period, the Communication Office has carried out media campaigns through publication of notices for taxpayers in daily newspapers.

29 notices/public rulings for taxpayers have been published, as well as seven other notices, dedicated to taxpayers of the construction sector!

All published notices have emerged from the annual communication plan with the taxpayers.

Awareness campaigns: since June, TAK in cooperation with the IMF started the implementation of the Project “Compliance in the Construction Sector”, whereby seven (7) notices for taxpayers of this sector have been published for the taxpayers of this sector. The notices were published in daily newspapers, website, TAK’s official Facebook account, and each notice was forwarded to the electronic address of the taxpayers with construction activity (according to NACE Rev.2 Code).

Organization of press conferences: 5 press conferences have been organized, for the purpose of disclosing TAK activities. A conference was organized on the occasion of TAK's 19th birthday, and another was held with the purpose of presenting the developments of TAK over the years on the occasion of the 11th anniversary of the independence of the Republic of Kosovo. A conference was also organized on a joint meeting with donors and stakeholders, as well as a press conference for the presentation work report for the period January-June 2019. Meanwhile, in December a press conference was held in connection to the activities taken for the collection of debts.

TAK’s integrity plan: 4 public consultation roundtables have been organized in cooperation with the USAID, on drafting TAK’s integrity plan. Separate discussions took place for accountants, donors, stakeholders and public institutions.

Multimedia: Maintenance of social media: Public Communication Office is responsible for maintaining and uploading information on the website www.atk-ks.org, Facebook account [atk-ks.org](https://www.facebook.com/atkks.org), and SharePoint.

TV spots: A TV spot, informing the taxpayers about the role of ZGJoNA has been completed. Currently, the spot is being broadcasted in the Radio and Television of Kosovo. The said spot has been financially supported by GIZ.

Public Communication Office initiated another spot in regard to a campaign for raising awareness of the taxpayers from construction sector, where TAK in cooperation with the IMF have drafted the “Plan for Improvement of Compliance in the Construction Sector 2019-2021”. Through this plan, TAK will carry out intensive activities, in order to identify persons, who do not meet their obligations according to tax legislation.

Similarly, the Public Communication Office is planning to develop a tool in the TAK’s website, through which it will be able to intensify the communication with taxpayers and citizens. This tool will be called questionnaire and survey. It will help to measure the public’s-taxpayer’s perception towards TAK and their services.



16. INTERNATIONAL RELATIONS

Agreements on Elimination of Double Taxation (AEDT)

During the reporting period, the negotiation team, established by the Decision of the Ministry of Finance, held 13 meeting regarding the AEDT. The following AEDTs have been drafted during the reporting period: between Kosovo and Ireland, between Kosovo and Italy, between Kosovo and Jordan. During the reporting period, the negotiation of agreements with Ireland, Italy, Portugal and the Netherlands was completed.

In January 2019, the implementation of the AEDTs between Kosovo with Austria and Switzerland has commenced. Meanwhile, the AEDTs between Kosovo and Malta; Kosovo and Luxembourg entered into force during the reporting period. Currently, Kosovo has 15 AEDTs in force.

A total of 25 questions regarding the implementation of the AEDT have been addressed during the reporting period. A total of 367 Residence Certificates were issued in the field of exchange of tax information under the AEDT, a total of 21 requests for tax information were addressed with respective tax authorities.

New tax information exchange forms were developed during the reporting period, under the AEDT. These forms have been developed according to international standards and will be used both for communication within TAK and for exchange of information with other tax authorities.

Technical Assistance from Donors

14 consultative meetings with GIZ were held during the reporting period, on the organization of the following technical assistance. Similarly, during the reporting period, GIZ organized training programs in the field of soft skills in communication, team building and management of changes. Similarly, assistance was received in relation to capacity building in the area of communication channels with taxpayers and staff in the implementation of construction reform.

With regard to capacity building in the risk-compliance management field, technical assistance has been provided with experts from the Munich Tax Administration.

In order to increase the capacity of the staff in the area of ZGJoNA II for criminal offenses, technical assistance was provided with experts supported by GIZ, where in addition to meetings with the relevant Departments a workshop was held for the ZGJoNA officials.

During the reporting period, in the framework of cooperation with GIZ, 2 sets of expertise were implemented related to the implementation of the Project: Compliance in the Construction Sector, with emphasis on the communication and drafting of strategic documents.



The Mission of World Bank regarding TAK's support in reform implementation was carried out in March. The purpose of the mission was the discussion for current developments at TAK, TAK's plans in reform implementation and the fields in which the WB could assist TAK in the implementation of institutional reform.

Kick off meeting for launching the cooperation program between TAK-GIZ-WB, in relation to improving the voluntary compliance through impact on taxpayer behaviour was carried out during the reporting period. Similarly, the mission aimed at presenting the approach which is a continuation of the measurement of voluntary tax compliance through impact on taxpayer behaviour and finally its impact on reducing informal economy was carried out in October 2019.

The meeting with the representatives from the Fiscal Affairs Department in the IMF in relation to the areas of future support was held in March 2019. During 2019, TAK has received technical assistance in the area of institutional organization, modernization of audit techniques, tax compliance risk management, and institutional performance management.

Technical assistance by the IMF related to the modernization of tax audit techniques, compliance risk management, and consolidation of mandatory collection was carried out by the IMF during the period. Technical assistances lasted 2 weeks each.

IMF missions for capacity building in the area of improvement of Compliance in the Construction Sector and Modernization of Large Taxpayer Unit were carried out in April 2019.

Technical assistance in the management of risk compliance was carried out in July and October.

Technical assistance by the IMF, which was a continuation of audit function improvement, has been carried out in April, September and November 2019.

Technical assistance in drafting and implementing the project, Consolidation of mandatory tax was carried out in July and December.

During the reporting period, TAK has set forth activities to cooperate with the USAID. A program of activities has been drafted in relation to this, which started implementation in September 2019. TAK's draft integrity plan has been drafted in cooperation with the USAID, during the fourth quarter 2019, which resulted from a number of collaborations with the third parties. Similarly, the upgrade of IT tools in the area of taxpayer service was carried out in cooperation with the USAID.

During the reporting period, 3 missions of expertise in the area of Award Transfer were carried out by the program "Tax Inspectors without Borders", supported by OECD.

As regards TAIEX assistance, assistance in the Internal Audit Unit and in the area of VAT reverse charge was held. Whereas, there are currently 3 requests for technical assistance, Price Transfer,



International Tax Agreements and VAT Return for Tourists, pending response from the European Commission.

International Cooperation- In February 2019, TAK representatives participated in the conference for capacity building in tax administrations held in OECD – Paris. At the conference, the benefits presented by TAK from the TIWB program and from seminars organized in the field of international taxation and tax administration practices were presented.

Similarly, during the reporting period, TAK representatives held a meeting with the Tax Directorate in Tirana, in order to start work and undertake activities for the implementation of the Agreement for the Establishment of a Joint Center between Kosovo and Albania.

In May 2019, TAK officials were part of the investment climate briefing session in Switzerland, which presented tax relief of doing business in Kosovo and tax relief.

During the reporting period, TAK officials were part of the annual Bečići Summit on Financial and Monetary Stability in the region in a climate of slow growth in the Euro zone. Likewise, in June 2019, the annual meeting for the coordination of international support in tax administrations and public finances of South Eastern Europe took place in Ljubljana.

During the reporting period, a study visit was made to the Revenue Administration Call Center in Turkey in order to obtain practice in the field of call center performance management.

A study visit to the HM Revenue and Customs in the UK has also been undertaken in order to obtain practices in the field of combating tax evasion and tax avoidance. This visit was carried out in the framework of the cooperation program between TAK and the Embassy of Great Britain.

In November 2019, TAK officials participated in the workshop “The art of collaborating with Donors”, held in Germany.

In November 2019, TAK officials were part of an official visit for the celebration of “Taxpayer’s day” held in Skopje, Macedonia.

In November 2019, TAK officials were part of the information session “Investment climate in Kosovo”, held in Germany.

In December 2019, TAK officials were part of the workshop “Communication of Organizations and Public Institutions” organized in Germany.

In December 2019, TAK representatives participated in the meeting organized by the Consulate of Kosovo in Switzerland, whereby the elements of the agreement on elimination of double taxation between Kosovo and Switzerland were presented.

European Integration

During the reporting period, the objectives and activities that TAK is responsible for implementing in the course of 2019 are set out in the framework of the Work Plan of the Ministry of Finance 2019 and the Annual Work Plan of the Government of Kosovo 2019.



The progress achieved in implementing activities under the European Reform Agenda has been reported, with the sections reporting on the process of fiscalization, revenues, the implementation of tax visits and audits, and the implementation of the Strategy to Combat the Informal Economy.

Regarding the *National Plan for the Implementation of the SAA*, a 9-month report on the implementation of activities under this plan has been drafted.

Also, during the reporting period, a 6-month report for 2018 on the Public Finance Management Reform Strategy was drafted and presented to foreign stakeholders and organizations.

Regarding the European Commission Input in relation to the country report, 3 reports have been drafted. A report on the SAPD for the Ministry of Finance April 2018-May 2019 has also been drafted. In June 2019, a Report on Kosovo for 2019 has been published identifying the findings and recommendations that need to be addressed for implementation.

In June 2019, the meeting of the Subcommittee on Trade, Industry, Customs and Taxation with DG TAXUD from the European Commission was held, where it was agreed on the conclusions which will be implemented for 1 year.

A meeting was held with the EU Office in Kosovo to discuss areas where TAK will be supported by the EC and where it needs to be supported. The support will be in the form of training and study visits in the area of tax treatment of the financial sector, transfer pricing audit, international taxation.

Other - The Public Financial Management Reform Strategy, total of 13 meetings in relation to the implementation of this Strategy were held, where it was reported on the progress achieved in 2019 in the implementation of the objectives set forth in this Strategy, which are the responsibility of TAK. It has also been worked on the revision of the Indicator Passport. 19 letters on official travel were drafted!

In the framework of the CEPOL General Exchange Program, invitations for exchange of tax experiences in Turkey have been sent, while for the CEPOL Exchange Program - WBFI Project, invitations for exchange of tax experiences in the following countries Albania, Macedonia, Slovenia, Montenegro, Estonia, Latvia, France, Croatia, Hungary, Georgia and Portugal have been sent.

Within the CEPOL Exchange Program-WBFI project, 8 applications were approved for TAK officials, where four TAK officials exchanged tax experiences with four officials from the tax administration in Latvia, two TAK officials exchanged tax experiences with two officials from the tax administration in Estonia and two other officials will share tax experiences with two officials from the tax administration of Poland.

As part of the CEPOL Exchange Programs training for 2019, we have received the invitation to the "Cash Collectors in Money Laundering" training held on 20-24 May 2019 at the Paris Institute for Political Studies. Upon request, an official from DTII-TAK was assigned and participated in this training. In August, the invitation to the training "Financial Investigations related to corruption" held on 4-8 November 2019 in Skopje-Macedonia was received and it was attended by two officials from DTII-TAK.



In September, an invitation to the following training “Missing-trader intra-community fraud “was received, held on 25-29 November in Budapest-Hungary and an official from DTII-TAK participated. During the reporting period, letters were sent to the European Commission regarding TAK's willingness to participate in the FISCALIS 2020 program and a positive response was received.

17. PARTICIPATION IN WORKING GROUPS

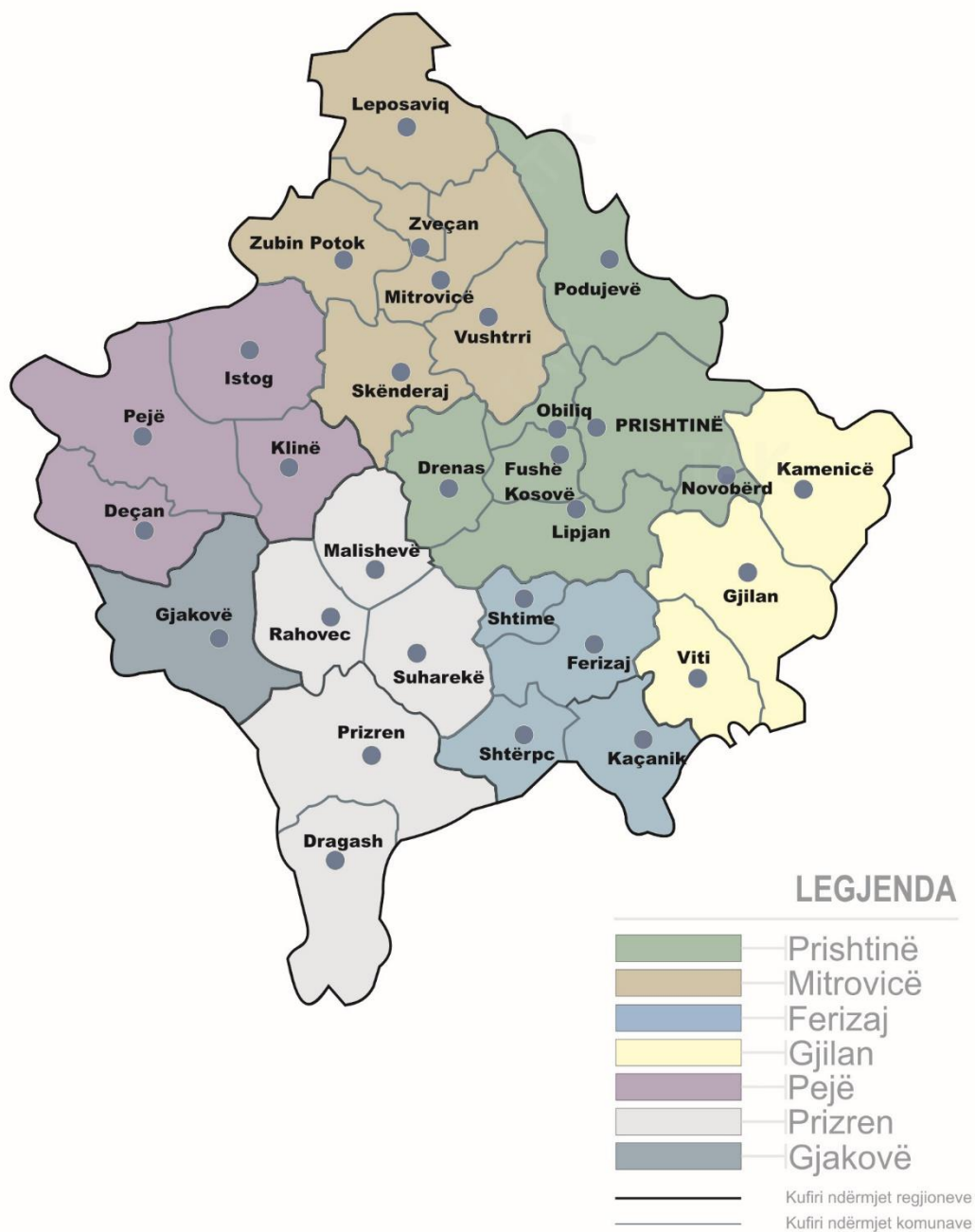
- Working Group on Modification of PIT and CIT Tax Forms.
- Working Group for drafting the Draft Law on Tax Administration and Procedures.
- AEDT Negotiation Team, reviewing the draft Agreement on Elimination of Double Taxation (AEDT) between the Republic of Kosovo and Portugal.
- Doing Business Working Group.
- Working Group on drafting the document on registration processes and the interoperability of TAK and KBRA IT systems.
- AEDT Negotiation Team - Conducting negotiations on AEDT between Kosovo and Ireland.
- Working Group on Drafting the Public Explanatory Decision on Applying the VAT Reverse Charge.
- AEDT Negotiation Team, review of the draft AEDT between the Republic of Italy and the Republic of Kosovo, in Rome, Italy;
- Working Group on Automation of Criteria for Categorizing Businesses in Reimbursement Module;
- Working Group on Migration of Records from KBRA on the occasion of issuance of UIN to existing businesses.
- Working Group on the Project of Compliance in the Construction Sector, supported by the IMF.
- Working Group for drafting the Law on Health Insurance.
- “KAOE” Working Group on Drafting a Public Explanatory Decision according to which functional and technical requirements are set to enable the functionality of Fiscal Cash Registers and Fiscal Systems in Kosovo.
- Working Group on Audit Techniques.
- Working Group on the Establishment and Functioning of the Interconnection between the Health Insurance Fund Information System and the TAK Information System;
- Working group, with representatives of UBO Company engaged by GIZ for the Taxpayers Survey 2019, drafting the survey questionnaire;
- Negotiation teams of the Rep. of Kosovo and the Rep. of Ireland for drafting AEDT, held in Dublin;
- Team visit to Italy - “Exchange of experiences with other countries”.
- Working Group on “Audit Manual”.
- Working group for cooperation with the IMF for drafting the project in the hotel and restaurant;
- Working group for drafting the Manual of Audit Techniques for Shareholders;
- Working Group on Consolidation of Mandatory Collection;
- Working Group for drafting the TAK Integrity Plan;
- Working Group on drafting the Concept Document on Recognition of Diaspora Investment in Kosovo.



18. ANNEXES

1. LIST OF EMPLOYEES IN TAX ADMINISTRATION OF KOSOVO
2. LIST OF RETIRED EMPLOYEES
3. LIST OF INTERNS STUDENTS ACCORDING TO THE AGREEMENT WITH THE MINISTRY OF FINANCE AND THE UNIVERSITY OF PRISHTINA 2019 (MOF-UP-TAK)
4. LIST OF STUDENTS WHO COMPLETED THE INTERNSHIP AT TAK
5. PUBLIC EXPLANATORY DECISIONS 2019
6. No. 01/2019 – ON TAX TREATMENT OF IMPORTS AND SUPPLIES WHEN FINANCED DIRECTLY BY THE EUROPEAN COMMISSION
 - 6.1. No. 02/2019 – ON TAX TREATMENT OF LONG-TERM CONSTRUCTION CONTRACTS
 - 6.2. No. 03/2019 – OBLIGATION TO PAY VAT ON THE SUPPLY OF CONSTRUCTION SERVICES – APPLYING THE REVERSE CHARGE
7. LAW No.06/L-105 ON CORPORATE INCOME TAX
8. CORPORATE INCOME TAX (CIT) LEAFLETS/BROCHURES
9. PERSONAL INCOME TAX (PIT) LEAFLETS/BROCHURES
10. VALUE ADDED TAX (VAT) LEAFLETS/BROCHURES
11. COOPERATION AGREEMENT 2019 BETWEEN TAK – HEALTH INSURANCE FUND
12. MEMORANDUM OF UNDERSTANDING BETWEEN MED, REPRESENTED BY THE KOSOVO ENERGY EFFICIENCY AGENCY AND TAK
13. LIST OF BUSINESSES BENEFITING VAT EXEMPTION ON IMPORTED RAW MATERIALS AND IT EQUIPMENT
14. DETAILS OF ALL INITIATIONS OF PROCEEDINGS FOR CRIMINAL TAX OFFENSES UNDER THE LAW NO. 03/L-222, RESPECTIVELY ARTICLE 8, PARAGRAPH 8.6
15. LIST OF TAXPAYERS COMPLAINTS IN 2019
16. LIST OF REIMBURSEMENTS FOR 2019

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