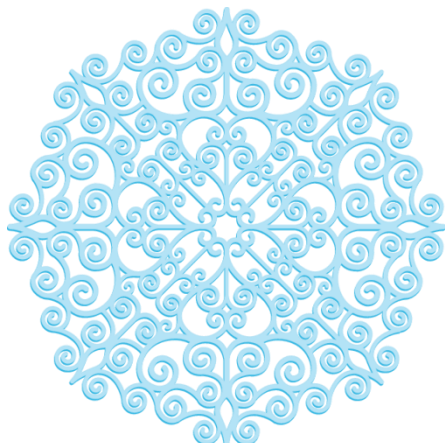


Legal News

December 2016

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I. Law No. 05/L-101 On Energy Performance of buildings;

Law on energy performance of buildings has been published in the Official Gazette of the Republic of Kosovo on 22nd of December 2016, and shall enter into force 15 days after its publication.

The purpose of this Law shall be to promote improvements to the energy performance of buildings, taking into account outdoor climatic and local conditions, as well as indoor climate requirements and cost-effectiveness.

This Law is partly in accordance with the Directive no. 2010/31/EU on the Energy Performance of Buildings; Directive 2012/27/EU of the European Parliament and of the Council on Energy Efficiency.

This Law defines the requirements for:

- a general framework for a national calculation methodology for the integrated energy performance of buildings and building units;
- minimum energy performance requirements for: the construction of new buildings; and existing buildings and building units undergoing major renovation;
- general system requirements for technical building systems in existing buildings;
- national plans for increasing the number of nearly zero-energy buildings; including consideration of financial incentives and market barriers to catalyze the transition to nearly zero-energy buildings;

- the energy certification of buildings and building units, and the content, issue and display of certificates;
- the regular inspection of heating and air-conditioning systems including the form and content of the inspection reports or equally effective alternative measures;
- the licensing of independent experts and the creation of an independent control system for energy certificates in buildings.
- the creation of a reporting system for heating and air-conditioning systems reports

Within eighteen (18) months after entry into force of this Law, the responsible and competent authorities shall issue sub-legal acts required to implement this Law.

II. Law No. 05/L-124 On Ratification of the financing agreement for IPA¹ 2015 between Kosovo and the European Union

Law on ratification of the financing agreement for IPA 2015 between Kosovo and the European Union has been published in the Official Gazette of the Republic of Kosovo on 15 December 2016.

The purpose of this law is to ratify the Financing Agreement for IPA 2015 between Kosovo and European Union.

The Financing Agreement for IPA 2015 (hereinafter "The program") between Kosovo and European Union shall be considered ratified upon the entry into force of this law.

Via this Financial Agreement, the European Union (hereinafter "The Union") agrees to finance and Kosovo as the beneficiary accept the financing as per below:

The total estimated cost of this program is EUR 81 000 000 and the maximum contribution of the Union is EUR 78 000 000.

This program requires financial contribution from both the IPA II beneficiary and the Union. The breakdown of this financial contribution is set out in Annex 1.

Annex 2 of this financial Agreement determines the period of execution, that is set in a 12 year term from the date of entrance into force of this financial Agreement. The operational implementation period of this Financial Agreement, as set in Article 12 of Annex 2 is for a period of 6 years from the entrance into force of this Financial Agreement.

This law for Ratification of the Financing Agreement for IPA 2015 shall enter into force on the day of publication in the Official Gazette of the Republic of Kosovo

III. Administrative Instruction No. 16/2016 on defining procedures for registration pledge, fees and other services

On 7 November 2016, the Ministry of Trade (MTI) and Industry of the Republic of Kosovo, issued the Administrative Instruction (AI) No. 16/2016 "On defining procedures for registration pledge, fees and other services".

The legal basis for this Administrative Instruction is the Law No. 04/L-136 on Registration of a pledge in the registry of movable property.

This Administrative Instruction regulates the procedures for pledge registration, fees, and method of payment of all services that are offered by the Pledge Sector.

This Administrative Instruction also regulates other issues that may arise from the pledge registration into the registration system. Here are regulated the procedures for the requirements for registration and amendment to registrations. Responsibility of pledge registration, verification of information, requests of the account users are also part of this Administrative Instruction.

Comparing to the previous administrative instruction, this administrative instruction also foresees the Special Services that include Bulk registration and the service of My Archive.

Bulk registration allows the user to register group of draft registration into the Pledge registration, and the service my archive allows the user to have access to their Certificates issued by the Pledge Sector.

¹ Instrument for pre- accession Assistance (IPA II)

With this Administrative Instruction the fees of pledge registration have been reduced, as follows:

- Monthly fee for each account form 1€ to 0€;
- Registraton fee from 3€ to 2€;
- Fee for ammendments from 3€ to 0.50€;
- Fee for deletion of serial number property form 0.50 € to 0.30 €.

The Administrative Instruction enters into force seven (7) days after signature by the Minister of MTI. With entrance into force this Administrative Instruction abolishes the Administrative Instruction No. 09/2013.

IV. Administrative Instruction No. 06/2016 On Amending and Supplementing the administrative instruction No. 03/2015 for implementation of the Law No. 05/L-037 On the value added tax;

On 5 December 2016, the Ministry of Finance (MF) of the Republic of Kosovo, issued the Administrative Instruction (AI) No. 06/2016 On Amending and Supplementing the administrative instruction No. 03/2015 for implementation of the Law No. 05/L-037 On the value added tax.

This administrative instruction sets the rules and procedures for the application of VAT based on legal provisions stipulated by the Law no. 05/ L-037 on Value Added Tax.

The provisions of this administrative instruction are mandatory to the Kosovo Tax Administration and to all taxable persons who are within the scope of the Law on Value Added Tax.

This Administrative Instruction shall enter into force seven (7) days after its signature.

V. Regulation for corporate governance of Banks

On 29th of Decemeber the Board of Central Bank of Republic of Kosovo (CBK) approved the Regulation for coroprate governance of Banks, this regulation shall enter into force on 1st of March 2017.

The purpose of this regulation is to empower the regulatory framework regarding the best practices of corporate governance of banks, as

an important factor for maintaining the sustainability and stability of the entire banking sector.

According to this regulation, coorporate governance means the manner of managing the entire activities in the banking sector, division of powers and responsibilities of the their shareholders, board of directors and senior managment level. Also in the coroprate governance will be included the development of bank strategy, coorporate targets, supervision of personel, compliance of bank activities, and principles of coorporate behaviour with the applicable laws and rregulations.

This regulation sets down the minimal requirements for the bank shareholders, board of directors and Senior Managers in regard to their resposasabilities ofr corporate governance.

This regulation applies to all the banks operating in the Republic of Kosovo that are licensed by CBK.

Branches of foreign banks shall notify the CBK if they encounter any conflict of implementation between this regulation and the laws and regulations in their native jurisdiction. Unless explicitly are exempted form CBK by any regulation or sub legal act, they shall be obliged to comply with the requestsof this regulation for their operations in Kosovo.

Each breach of the provisions of this regulation shall be subject to penalty measurements, as defined in the Law of Central Bank and the Law Nr. 04/L-093 on Banks, Microfinance Institutions, and Non-Bank Financial Institutions.

VI. Regulation on the sale of vehicle compulsory insurance and the management of the expenses of the insurers

On the 29th of December 2016, the Board of the Central Bank of the Republic of Kosovo (CBK) approved the Regulation on the Sale of Vehicle Compulsory Insurance and the Management of the Expenses of the Insurers. This regulation will enter into force on the 4th of January 2017.

The purpose of this regulation is to determine the criteria for the method of the sale of the vehicle compulsory insurance, and the limitations of the management expenses of the Insurers.

This regulation will be applicable for all the Insurers licensed by the CBK.

According to this regulation, the commission for the brokers on the insurance for the vehicle compulsory insurance products can be applied by the Insurers up to a maximum of 10% of its sales (including all other expenses). In any case, the commissions and expenses of the points of sale for the vehicle compulsory insurance should not surpass 12% of the paid premium after the deduction of VAT.

This regulation obligates the Insurers to hold only one bank account, in which all the accrued means from the sales of vehicle compulsory insurance will be gathered.

The insurers are obligated on a monthly basis, up to the 5th of the following month, to submit to the CBK in electronic form the following information (not limited to):

- a. The bank account for the sale of vehicle compulsory insurance for the prior month;
- b. The detailed report on payment of the damages from the bank account of the sale compulsory insurance;
- c. The detailed report on the sale of the vehicle compulsory insurance, with the calculation of the commissions and the expenses as stipulated in this regulation;

In addition, this regulation regulates the management of the general expenses and prepayments where, among other things, it specifies the maximum sum of the general expenses in cash for all the classes of insurance.

This regulation foresees that the CBK can impose administrative measures on the insurers that do not fully comply with this regulation.

VII. Regulation on investment of the assets covering technical and mathematical provision and investment of the charter capital for insurers

On the 29th of December 2016, the Board of the Central Bank of the Republic of Kosovo (CBK) approved the Regulation on Investment of the Assets covering Technical and Mathematical Provisions and Investment of the Charter Capital for Insurers. This regulation enters into force on the 31st of December 2016.

The purpose of this regulation is the regulation of the categories of the investment of the assets for the covering of technical and mathematical provisions, maximum allowed limits for the investment related to these assets, and the investment of the charter capital of the insurers.

This regulation will be applicable for all insurers and the branches of foreign insurers that carry out activities in Kosovo and are licensed, regulated and supervised by the CBK.

According to this regulation, the Insurers are obliged to keep sufficient assets for the covering of technical and mathematical provisions not less than the gross values of the technical provisions. These assets are kept for the covering of the technical and mathematical provisions and cannot be withdrawn, invested, altered or left as collateral, except when it is specifically excluded by this regulation.

The investment of the assets on the covering of technical and mathematical provisions should fulfill these criteria:

- a. The invested assets should be sufficiently secure;
- b. The assets should be invested in a form that they are able to liquidate all liabilities at any time towards the insured;
- c. The assets should be kept in that manner that they are available at any time;
- d. The invested assets should be sufficiently diverse;

The asset categories including, but not limited to, the following can be used for the covering of technical and mathematical provisions:

- a. Deposits in the Euro currency in banks licensed in Kosovo;
- b. Treasury bonds, securities and other capital market financial instruments issued by the Government of the Republic of Kosovo.

In addition, this regulation determines the assets which cannot be used for the covering of technical and mathematical provisions, which include, but are not limited to:

- a. Assets which serve for the financing of the capital of the insurer or the

financing of the capital of another person, which is related to the insurer;

b. Loans to brokers and agents;

This regulation determines the deadlines related to the keeping of the assets for the covering of the technical provisions from the Insurer.

With the entry into force of this regulation, the Regulation on Investment of the Assets covering Technical and Mathematical Provisions and Investment of the Charter Capital for Insurers dated on the 1st of March 2016.

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