



Tax&Legal Highlights

Kosovo

The Ministry of Finance has approved the Administrative Instruction on the matter for national risk assessment on money laundering and terrorist financing.

The Ministry of Finance has approved this Administrative Instruction with the intention of regulating the procedures for national risk assessment. By obliging public institutions and "Reporting Entities" as categorized by the Law on Prevention of Money Laundering and Fighting Terrorism Financing, the Ministry has taken steps to insure full compliance with the Law on the Prevention of Money Laundering and Combating Terrorist Financing.

The Ministry of Finance will decide the initiation of the risk assessment process, as well as the criteria upon which the risks will be evaluated. The national risk assessment will be undertaken at least every 3 years. Nevertheless, the Ministry has the right to undertake such assessments more often if it considers it necessary.

The process of Risk Assessment will consist of the determination phase, identification phase, analysis phase and evaluation phase. This risk assessment process will be documented by the Financial Intelligence Unit of

the Republic of Kosovo (hereinafter FIU-K), and will be presented in the report which will include:

- i. Identification of the institutions involved in the process;
- ii. Methodology used for the risk assessment;
- iii. Identification of the risks; horizontal, money laundering and terrorist financing;
- iv. Analysis of the horizontal risks;
- v. Analysis of the risks on money laundering;
- vi. Analysis of the risks on terrorist financing;
- vii. Evaluation of the risks;
- viii. Action Plan concerning treatment measures for prioritized risks; and
- ix. Recommendations on dissemination and publicity of the risk assessment and Action Plan.

The FIU-K Board will review the report of the Risk Assessment and if approved it will deliver the corresponding report to the Ministry of Finance, which in turn will propose the report for approval to the Government of Kosova.

After the risks are prioritized the Ministry of Finance will recommend the Government a number of strategies and other treatment measures.

The Ministry of Trade and Industry approved an Administrative Instruction that obliges retailers to place the flag of the origin of the product on the label of the product.

The Ministry of Trade and Industry has decided to obligate all of the retailers within the Republic of Kosova to identify the origin of a product by placing the flag of origin on products.

According to the Administrative Instruction, the flag of origin country has to be placed in the left side of the selling price of the product, with the size of the flag being proportional to the size of the price of the product. The said flag has to be clearly visible to customers.

The Administrative Instruction also sets out the rules on the matter of dimensions and colors of the flag. The shape of the flag has to be rectangular with the size being 3 centimeters in width and 2 centimeters in height. The flag has to include symbols and colors of the respective countries of origin.

Tax Treaty between the Republic of Kosovo and the Republic of Austria enters into force

The tax treaty has entered into force on 28 December 2018 and is applicable as from 1 January 2019.

The tax treaty is of considerable importance given the relatively strong economic ties between the countries and the presence of a significant diaspora of Kosovo in Austria.

Significant provisions of the tax treaty and deviations from the OECD model include amongst others:

- The tax levied on dividends paid out by a company to a resident of the other contracting state shall not exceed 15%.

Tax & Legal Highlights

- If the beneficial owner of the dividends is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends, such dividends shall be taxable only in the contracting state of which the beneficial owner of the dividends is a resident
- Remuneration of students or business apprentices derived from an employment exercised in the other contracting state for a period or periods not exceeding 183 days in the fiscal year concerned are not to be taxed in that other contracting state

In terms of elimination of double taxation, the credit method will be observed in both Kosovo and Austria.

Contacts Details

Afrore Rudi

Tax and Legal Director

Tel: +381 38 760 329

Mobile: +386 49 590 807

Email: arudi@deloitteCE.com

Tax & Legal Highlights

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients’ most complex business challenges. To learn more about how Deloitte’s approximately 245,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

Deloitte Central Europe is a regional organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities. The subsidiaries and affiliates of Deloitte Central Europe Holdings Limited are among the region’s leading professional services firms, providing services through nearly 6,000 people in 41 offices in 18 countries.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

© 2019. For information, contact Deloitte Central Europe.