

## Tax & Legal Alert

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June 2014

### I. Public Explanatory Decision No. 3 / 2014 for the Chargeability of VAT in Respect of Goods Settled in Customs Arrangement, such as Customs Warehouse

The intent of this Public Explanatory Decision is to clarify the tax obligations and the manner of declaration and payment of Value Added Tax (VAT) for goods placed in the Customs arrangement, specifically Customs Warehouse.

The document firstly explains the meaning of the import of goods through customs warehouse procedure. This Customs procedure intends to provide a prolongation for the payment of customs duties from the moment the goods enter the warehouse until the moment they are released in free circulation within the country. In order to be eligible for the usage of the Customs Warehouse a prior authorization from the Customs should be received. Also, to assure the payment of customs duties, a bank guarantee equal to the value of customs duties shall be obtained.

The Public Explanatory Decision clarifies the legal base of VAT calculation, the chargeable event and chargeability of VAT in respect of supply of goods and services, and the right to deduct input VAT.

Therefore, in accordance with the legal base, the Public Explanatory Decision indicates that the

chargeable event and the chargeability of the VAT for the supply of goods from the Customs Warehouse will occur in the period when goods cease to be covered from this arrangement and are free for circulation. Also, the right to deduct the input VAT is established when the VAT is chargeable, and a taxable person is not allowed to deduct input VAT prior to the tax period when the invoice for the supplied goods or services is received, or the customs declaration (Single Administrative Document) for the imported goods is obtained.

The Public Explanatory Decision further demonstrates the treatment through an example.

This Decision is effective from 26<sup>th</sup> of May, 2014.

## **II. Law no. 04/L-249 on Antidumping and Countervailing Measures**

Law no. 04/L-240 on Antidumping and Countervailing Measures

The Law on Antidumping and Countervailing Measures, published in the Official Gazette on June 5th, 2014, will enter into force fifteen (15) days after being published in the Official Gazette. When established, the Law shall repeal the Law no. 03/L-097 on Anti-dumping and Countervailing Measures.

In order to protect the domestic Kosovo Industry and the Interest of the Republic of Kosovo, the Law sets out the rules on procedures for imposition of anti-dumping measures to the imports that pursuant to this law are considered as dumping objects. Moreover, the purpose of this Law is to set out the procedures of countervailing measures to the subsidized imports.

As mentioned above, the law regulates the form of protecting of domestic Kosovo industry by regulating the procedures of determination of the dumping measures, subsidization and determination of the injury as well.

## **The Investigation Body**

The responsibilities and obligations for implementing the Law fall under the competent state authority, which is Ministry of Trade and Industry of the Republic of Kosovo. The respective Ministry is the responsible authority for investigating dumping, subsidization and injury. In this process, the Ministry is supported by the respective Commission as well.

The Law also specifies all the specific duties and activities of the Investigation Body which shall be implemented in accordance with the legislation.

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