



Tax&Legal Highlights

Kosovo

Issue of Administrative Instruction (GRK) No. 09/ 2017 On Municipal Energy Offices

The Administrative Instruction on Municipal Energy Offices provides guidance on the duties and responsibilities of energy offices at the municipal level in Kosovo.

This Administrative Instruction was approved by the Government of the Republic of Kosovo with the Decision No. 03/154, dated 30.08.2017, and has entered into force seven (7) days after its signature by the Prime Minister and the publishing in the Official Gazette of the Republic of Kosovo.

The Administrative Instruction (AI) sets forth duties and responsibilities of municipal energy offices in addressing issues of planning, implementation and monitoring of energy policies in local level. The AI applies to all municipalities of the Republic of Kosovo implementing local level energy policies.

Some of the duties and responsibilities of the municipal energy offices include, but are not limited to:

- Establish a database and maintain an information system for regular collection of data energy consumption on periodic basis, energy expenditure and other relevant data;
- Develop energy sector planning activities based on the Energy Strategy in order to support the sustainable economic and social development of municipalities;
- To identify potential sources of funding for the implementation of energy efficiency measures and renewable energy resources developed in municipal plans etc.

Among others, the AI provides for the obligation of the Municipal Energy Offices to identify training needs and develop training programs in cooperation with the Ministry for the officials on the planning, implementation, monitoring and reporting municipal strategy plans on a periodic basis and as needed. The Ministry in cooperation with the Ministry of Local Government Administration and municipalities shall coordinate various capacity building projects of human resources in the implementation of relevant programs.

Central Bank Regulation on Branches and Subsidiaries of Insurers

Regulation of the Central Bank of Kosovo (CBK) stipulates rules on the opening and closure in and outside of Kosovo of branches and other subsidiaries of insurers.

The Board of the Central Bank of the Republic of Kosovo (CBK) in the meeting held on 31 August 2017 approved the Regulation on the opening and closure in and outside of Kosovo of branches and other subsidiaries of insurers. The Regulation entered into force fifteen (15) days from the day of its approval.

The Regulation applies to all insurers and branches of foreign insurers licensed by the CBK to operate in the Republic of Kosovo, with the exception of Article 5, which does not apply to branches of foreign insurers. Article 5 of the Regulation sets forth rules for the opening of branches/subsidiaries of insurers outside of the Republic of Kosovo.

According to the Regulation, the insurer that wants to establish or relocate a branch of office, including the relocation of the central office, shall submit a written request to the Central Bank of Kosovo for prior approval. Such a request shall be accompanied by a number of supporting documents that are enlisted in Article 3 of the Regulation. The same applies to insurers who want to close its branch/office in Kosovo, and a written request for approval shall be submitted to the Central Bank of Kosovo at least thirty (30) days in advance, and such a notification on the closure shall be published for the clients of the insurer.

Central Bank Regulation on the Licensing of Insurer Intermediaries in Kosovo

Regulation of the Central Bank of Kosovo (CBK) sets out criteria and procedures for the licensing of insurance intermediaries and re-insurance intermediaries in Kosovo.

This Regulation was approved by the Board of the Central Bank of Kosovo in its meeting held on 31 August 2017, and has entered into force fifteen (15) days from the day of its approval.

The purpose of this Regulation is to set forth criteria and procedures as well as time limits for the licensing of insurance and re-insurance intermediaries. It applies to all natural persons and legal entities who request a license from CBK to engage in intermediary activities in insurance and re-insurance.

According to the Regulation the intermediary activity in insurance can be carried out by insurance agents, agent companies, insurance brokers and broker companies. Banks and travel agencies can also engage in intermediary activities provided that they are licensed by the Central Bank of Kosovo according to this Regulation. Travel agencies cannot be licensed for broker activity. The intermediary activities by the Bank shall be carried out in accordance with Article 10 of the Regulation, whereas Article 11 lays down requirements for the travel agencies acting as intermediaries in insurance.

The Law on Business Organizations shall apply with regard to the governing bodies of the intermediary companies. Main shareholders, directors (if applicable) and senior managers of intermediary companies in insurance shall be approved by the CBK. The Regulation provides for the qualification requirements for directors and senior managers.

Regulation of the Central Bank of Kosovo (CBK) on the Licensing of Insurers and Branches

This regulation provides guidance on meeting the minimum conditions, criteria and procedures set out for licensing insurers and branches with the minimum capital guarantee fund set at 2,200.000.00 Euro.

The Board of the Central Bank of the Republic of Kosovo (CBK) in its meeting held on 31 August 2017 approved the Regulation on the licensing of insurers and branches. The Regulation entered into force fifteen (15) days from its approval.

The Regulation provides for conditions, criteria, procedures and timelines for the application and granting of the license for insurers/re-insurers or for the branch of the foreign insurer/re-insurer. The Regulation applies to all subjects who apply for licensing as insurers/re-insurers and branches of foreign insurers/re-insurers to carry out insurance activities in Kosovo.

The applicant for the license of the insurer or branch of the foreign insurer shall have a charter capital as guarantee fund in the amount not less than 2 million and two hundred thousand Euro (2,200,000.00 Euro). In cases when one or more risks are involved in classes 10 to 15 as determined in Article 7 of the Law on Insurance, the charter capital shall not be less than three million and two hundred thousand Euro (3,200,000.00 Euro).

In addition to this charter capital, the insurer/re-insurer shall maintain an additional fund for initial expenses in order to cover expenses related to establishment, functioning and administration, and which shall not be less than twenty percent (20%) of the charter capital.

Regulation of the Central Bank of Kosovo (CBK) on the Issuance of Registration and Licensing Certificates

This regulation sets out that licensing or registration certificates shall be issued for an unspecified period and lists the information that shall be contained therein.

The Board of the Central Bank of the Republic of Kosovo (CBK) in its meeting held on 31 August 2017 approved the Regulation on the issuance of registration and licensing certificates, and it entered into force fifteen (15) days after its approval.

The purpose of this Regulation is to set-forth the form and the content of the licensing or registration certificates as well as to provide for rules on procedures for issuance and/or replacement of licensing or registration certificates for financial institutions.

The Regulation provides that the licensing or registration certificate shall be issued for an unspecified period of time, shall be non-transferable and shall contain the following information:

- Name and the logo of the Central Bank of Kosovo;
- Identification number and day of issuance;
- Name of the licensed or registered financial institution and the business registration number in KBRA;
- Type of the licensed or registered financial institution;
- Clause for annexes to the certificate according to Article 2, par. 2 of the Regulation;
- Place of business, if applicable,
- Stamp of CBK and the signature of the authorized person to sign on behalf of CBK.

Regulation of the Central Bank of Kosovo (CBK) on Electronic Payment Instruments

This regulation provides a much-needed definition of electronic payment, electronic payment instrument and online payment instrument that was lacking previously in relevant regulations.

The Board of the Central Bank of the Republic of Kosovo (CBK) in its meeting held on 31 August 2017 approved the Regulation on Electronic Payment Instruments, which shall enter into force sixty (60) days from the day of its approval.

The Regulation on the Effective Norm of Interest and Disclosure Requirements shall also apply to the Electronic Payment Instruments in addition to this Regulation.

The Regulation aims at providing for conditions, criteria and procedures for issuance and use of electronic payment instruments as well as means of reporting of information during the use of these electronic payment instruments. The Regulation applies to banks and authorized institutions by the Central Bank of Kosovo who provide electronic payment instrument services. It does not however apply to paper-based payment instruments, electronic payment orders initiated by banks for execution of mutual payments in the Payment System.

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Furthermore, the Regulation provides for the definition of the electronic payment, electronic payment instrument (EPI), and online payment instrument.

In addition, the Regulation classifies the electronic payment instruments into electronic payment instruments from distance, which enables the holder to have access to financial funds in his/her bank account through the use of electronic and technical means such as bank cards, instant payments 1) other electronic banking services i.e. mobile banking, e-banking etc.; 2) electronic payment instruments.

The Regulation does not limit its application only to the abovementioned types of electronic payment instruments but it rather extends its application to any other further technology development.

Financial institutions may issue EPI and provide electronic payment instrument services only after being issued a license by CBK. The Licensing and Standardization Department of the Central Bank of Kosovo shall be notified in writing at least one month beforehand prior to commencing electronic payment services.

One very important novelty that this Regulation brings is the issue of electronic money. The issuance of electronic money according to the Regulation does not consist in the activity of taking or receiving deposits upon condition that the electronic money is issued immediately after the receipt of funds. As replacement of money, electronic money is used as an instrument for execution of payments for limited amounts and not as an instrument for savings.

This definition was absent in the applicable legislation thus making it impossible for non-bank financial institutions to issue electronic money, because it was considered as an activity of taking deposits, which is strictly reserved only for the banks.

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