

The Republic of Kosovo stands out as a country with great opportunities for investment in the Balkans, a strong attractive reason for international investors as a primary place for their investments.

The Republic of Kosovo has an area of 10,905.25 km². It is located in the part of south-eastern Europe, bordered by Albania to the southwest, Montenegro to the northwest, Serbia to the northeast and Macedonia to the south.

The Republic of Kosovo is characterized by a very young population structure. The main advantage of the Kosovo workforce is the low operating cost. The average net salary in the public sector in 2018 according to the Kosovo Agency of Statistics was € 474, a figure that indicates the lowest average salary in the region.

For more information refer to: <https://ask.rks-gov.net/sq/agjencia-e-statistikave-te-kosoves/add-news/vjetari-statistikor-i-republikes-se-kosoves-2020>

Establishment of a company

Registering a business in Kosovo is simple and at the same time free. Businesses operating in Kosovo must be registered within the Business Registration Agency of the Ministry of Trade and Industry. <https://arbk.rks-gov.net/Page.aspx?id=1,33>

According to the Law on Business Organizations, there are the following types of businesses: individual businesses, general partnerships, limited liability companies, limited partnerships and joint stock companies.

In accordance with the provisions of the Law on Foreign Investments, foreign companies are allowed to engage in business activities open to local businesses. Furthermore, there are no restrictions on the share of capital that foreign entities are allowed to hold. Therefore, foreign entities can establish subsidiaries and branches of the enterprise in the same way, and to the same extent, as local business organizations.

A Foreign Trade Company can register a new Trade Company in Kosovo or open a branch in Kosovo at no cost.

Once the application form is completed, the applicant (or person authorized to register) submits the application form in person at each KBRA service center, along with other accompanying, appropriate documents.

List of accompanying documents for the registration of a Limited Liability Company (LLC):

1. Completing the form A0, <https://arbk.rks-gov.net/desk/inc/media/7317F4CF-BB07-4298-A5F9-ADA244C69965.pdf>
2. The company agreement based on Article 82.1 of Law no. 06 / L-016,
3. Statute based on article 33 of Law no. 06 / L-016,
4. Identification document (identity card, passport) copy of the owners, authorized representatives involved in the business,
5. The consent of the registered representative based on article 24.5 of Law no. 06 / L-016.

List of accompanying documents for the registration of the Foreign Company-Branch in Kosovo:

1. Completing the A0 form, <https://arbk.rks-gov.net/desk/inc/media/7317F4CF-BB07-4298-A5F9-ADA244C69965.pdf>
2. Decision on opening a Foreign Company,
3. Decision on the appointment of the Director (copy passport) and the Competent Person for Acceptance of Documents (copy ID card),
4. Business certificate (original or notarized copy) and Business Information, not older than three months from the date of issue and if it is not in Albanian, Serbian or English to be translated into Albanian and the translation to be notarized.
5. Copy of the passport of the owner and director of the foreign company,
6. Consent of the Registered Representative pursuant to Article 24.5 of Law no. 06 / L-016.

Note: If the business owner is not present when the documents are submitted then the applicant can submit the documents with authorization and copy ID.

Fiscal Sector

Budget revenues until September 2019 reached a net value of 1.38 billion euros, which represents an annual increase of 6.9 percent, while budget expenditures reached a value of 1.34 billion euros, which represents an annual increase of 3.8 percent. As a result of the higher increase in budget revenues compared to expenditures, the Kosovo budget recorded a primary budget surplus of EUR 39.1 million (EUR 0.8 million deficit in the same period of 2018). The increase in budget revenues was mainly driven by the performance of items related to the import of goods. Indirect tax revenues

account for about 75 percent of total budget revenues and are mainly tax revenues collected at the border. These revenues reached the value of 1.03 billion euros or 4.4 percent more compared to the same period of 2018. Direct tax revenues reached the value of 219.9 million euros or 11.3 percent increase. Non-tax revenues increased by 14.1 percent and reached the value of euro 157.3 million.

https://bqk-kos.org/repository/docs/2018/BQK_TM3_2019_Zh%20M.pdf

Gross Domestic Product: In the third quarter of 2019 marks a real increase of 4.38% compared to the same quarter of the previous year.

2018-2019*

	2018			2019*		
	I	II	III	I	II	III
Nominal GDP	1,347	1,719	1,870	1,421	1,824	1,967
Real GDP	1,701	1,334	1,878	1,404	1,790	1,952
Real GDP growth rate %	2.88	4.36	3.75	4.24	4.13	4.38

Economic activities that contributed to real growth are: Financial and insurance activities 11.78%, Mining, processing, electricity, water supply 7.90%, Professional and administrative activities 7.03%, Trade; Transport; Accommodation and Food service 5.13%, Construction 3.46%, Public Administration; Education; Health 1.02%.

While economic activities that marked a decline in this quarter are: Arts, entertainment and leisure; other service activities -18.72%, Agriculture, forestry and fishing -2.87%.

The components of GDP according to the method of expenditures, which have increased in this quarter are: Government final consumption expenditures 10.54%, Exports of goods and services 9.33%, Imports of goods and services 6.67%, Gross capital formation 3.52%, Final consumption expenditures of households and IJPSHESH 2.40%.

Taxes

Tax policy in Kosovo is oriented towards simple regulations which provide a broad tax base and prevent tax evasion. The Tax Administration of Kosovo is responsible for the collection of central government taxes which include:

- Value Added Tax (VAT) on domestic supplies;
- Personal Income Tax;
- Corporate Income Tax;
- Taxes withheld at source;
- Pension Contributions;
- Issuance of licenses for gambling.

Customs

Kosovo Customs in order to improve the conditions for attracting foreign investors has applied zero percent customs duty on import and export of certain capital goods, raw materials, raw materials for agricultural products and services.

Investment incentives cover the following issues:

-Transfer of losses

Based on the Law on Corporate Income Tax (No. 06 / L-105), taxes and capital losses can be carried forward for up to six consecutive periods, and can be used as a deduction against any profits of those years.

Law No.06 / L-105: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=20988>

-Special discounts on new assets

In accordance with the Law on Corporate Income Tax (No. 06 / L-105) if a taxpayer buys a capital good for the purposes of the taxpayer's economic activity, a special discount of 10 percent (10%) of the cost of purchasing the asset will be allowed in the year the asset is first put into service. This deduction may be made separately from the usual allowable deduction for impairment.

Land

According to the Law on Local Self-Government (No. 03 / L-040), Kosovo municipalities have the right to lease movable and immovable property to foreign investors. The lease can be done for a period of ten years with the possibility of extension for up to 99 years.

Law no. 03 / L-040: <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2530>

Salary subsidies

The Ministry of Labor and Social Welfare offers programs which include:

- On-the-job training

- Practice at Work

- Wage subsidy (Ministry of Labor and Social Welfare through the Employment Offices makes the announcement to the employers, the manufacturing sector is specified. The beneficiary employer is paid 50% of the employee's salary in a period of 12 months. But only after him-the employer has paid his share of salary payment 50%).