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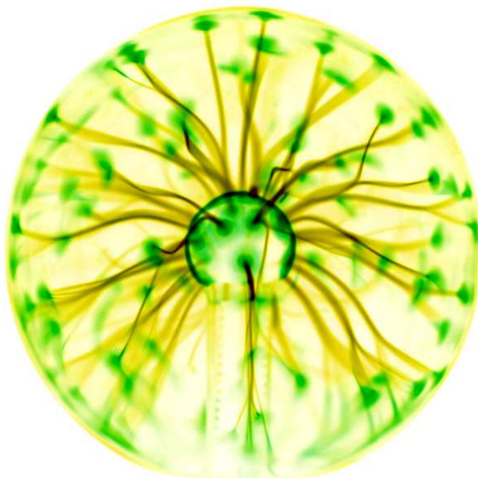

1. Convention between the Government of the Republc of Kosovo and Swiss Confederation for the Avoidance of Double Taxation with respect to Taxes on income and the Prevention of Tax Evasion and Avoidance

This Convention is concluded between the Government of the Republic of Kosovo and the Government of the Swiss Confederation (Contracting States).

This Convention has been published in the Official Gazette of the Republic of Kosovo on 17 August 2017. The Contracting States shall notify each other, through diplomatic channel, about the completion procedures required by law, in order for this Convention to enter into force. Hence, once the Contracting States receive the notification letter, the Convention shall be deemed to have entered into force.

This Convention shall apply to persons who are residents of one or both of Contracting States. The purpose of this Convention is the elimination of double taxation for income taxes, without the possibility of non-taxation or reduced taxation through tax evasion or avoidance.

The Convention shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local authorities; regardless of the manner in which they have been collected.

The existing taxes, to which the Convention shall apply, are in particular:

- In Switzerland: the federal, cantonal and communal taxes on income (total incomes, earned incomes, capital income, industrial and commercial

profits, capital gains, and other items of income);

- In Kosovo: the personal income tax and the corporate income tax.

The Convention shall apply also to any identical or substantially similar taxes, which are imposed after the date of signature of the Convention in addition to, or in place of the existing taxes.

The Convention shall not apply to taxes withheld at source on prizes in a lottery.

Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry), which is situated in the other Contracting State, may be taxed in the other Contracting State.

Profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein.

Profits from the operation of ships or aircraft in industrial traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

Dividends paid by a company, which is a resident of Contracting State to a resident of the other Contracting State, might be taxed in the other Contracting State.

Interest arising in a Contracting State and beneficially owned by a resident of the other Contracting State may be taxed in the other Contracting State.

Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.

Salaries, wages and other similar remuneration derived by a resident of a Contracting state in respect of an employment shall be taxable in that State unless employment is exercised in the other Contracting State.

Directors' fess and other similar payments derived by a resident of a Contracting State in his/her capacity as a member of the board of directors of a company, which is a resident of the other Contracting State, may be taxed in that other State.

Pensions and other similar remuneration paid to a resident of Contracting State in consideration of past employment shall be taxable only in that State. However, where such pensions and other similar remuneration arising in the other Contracting State are not liable to tax in the first-mentioned State, that other Contracting State may tax such income.

Salaries, wages and other similar remuneration paid by a Contracting State or political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

In the case of Switzerland, double taxation shall be avoided as follows:

- when a resident of Switzerland derives income which in accordance with the provisions of this Convention, may be taxed in Kosovo, Switzerland shall, exempt such income from tax but may, in calculating tax on the remaining income of that resident, apply the rate of tax, which would have been applicable if the exempted income had not been so exempted.

In case of Kosovo, double taxation shall be avoided as follows:

- where a resident of Kosovo derives income, which, in accordance with the provisions of this Convention, may be taxed in Switzerland, Kosovo shall allow as a deduction from the income tax of that resident, an amount equal to the income tax in Switzerland.

Such deduction shall not, exceed that part of Kosovo, tax, as computed before the deduction is given, which is attributable, as the case may be, and to the income, which may be taxed in Switzerland.

When a person considers that the actions of one or both of the Contracting States result, or will result for him in taxation not in accordance with the provisions of this Convention, he/she may, irrespective of the remedies provided by the domestic law of

those States, present his/her case to the competent authority of either Contracting State.

This Convention shall remain in force until termination by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at last six (6) months before the end of any calendar year.

2. Administrative Instruction (MED) No. 06/2017 on Utilization and Support of Energy Generation from Renewable Sources

This Administrative Instruction was published in the Official Gazette of the Republic of Kosovo on 08.08.2017, and has entered into force seven (7) days after its signature by the Minister of Economic Development (MED).

The purpose of this Administrative Instruction is to determine types of renewable energy sources utilised for generation of electric and thermal energy, plants that will be supported to use renewable sources for production of energy, utilisation conditions, technical standards, defines the support scheme and measures for cooperation like statistical transfer, joint support schemes and the joint projects for achieving the overall renewable energy targets.

Provisions of this Administrative Instruction are mandatory for all competent institutions and energy enterprises, which promote the use of energy from renewable resources.

This Administrative Instruction categorises Plants for production of electric energy, and Plants for production of thermal energy.

Equipment and systems of certain plants for production of energy from renewable sources, should meet requirements of technical standards of quality, as determined in Annex 1 of this Administrative Instruction.

This Admninistrative Instruction defines support schemes for electric and thermal energy produced from renewable energy sources, training program for installers of equipment in facilities that use biomass, thermal pumps, shallow geothermal installations, solar collectors for thermal energy and photovoltaic equipment, participation in the training program, certification and the external audits.

With its entry into force, the present Administrative Instruction repealed the Administrative Instruction No. 02/2013 on utilisation and support of production of energy from renewable sources.

3 Administrative Instruction (MED) No.07/2017 on the Level of Fuel Reserves by Electricity Generators

This Administrative Instruction was published in the Official Gazette of the Republic of Kosovo on 08.08.2017 and has entered into force seven (7) days after being signed by the Minister of Economic Development.

The purpose of this Administrative Instruction is to determine the type and level of fuel reserves to be maintained by electricity generators, as a measure to maintain continuous and sustainable generation and to guarantee secure, reliable, and regular and quality electricity supply.

The provisions of this Administrative Instruction determine the obligation of electricity generators regarding the type and quantity of fuel reserves.

Electricity enterprises licensed by the Regulator that use fuel primary, and auxiliary for the generation of electricity, shall keep reserve fuel required to ensure uninterrupted generation of electricity during the year:

- primary fuel of lignite for a period at least fifteen (15) days;
- auxiliary fuel of oil a period for at least one (1) month;
- auxiliary fuel of heavy oil a period for at least two (2) months.

The Energy Inspectorate shall conduct administrative oversight of the implementation of this Administrative Instruction. If electricity enterprises fail to apply provisions of this Administrative Instruction, the Energy Inspectorate shall:

- order the remedy of such observed irregularities and shall set the deadline for such remedy, and
- if the electricity enterprise fails to act in accordance with paragraph 2.1., of this Article, the Energy Inspectorate shall propose to the Regulatory the issuance of an administrative fine in line with the provisions set forth in the applicable legislation.

Deloitte Contacts:

Afrore Rudi
Director | Tax & Legal Services
Deloitte Kosova sh.p.k.
Str. Lidhja e Pejës no. 177
1000 Prishtina, Republic of Kosovo
Cell: +386 (0)49 590 807
Email: arudi@deloittece.com

Luljeta Plakolli - Kasumi
Manager | Legal Services
Deloitte Kosova sh.p.k.
Str. Lidhja e Pejës no. 177
1000 Prishtina, Republic of Kosovo
Cell: +386 (0)49 780 769
Email: lplakollikasumi@deloittece.com

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