

**To keep you up-to-date with the latest economic and financial developments, this bulletin provides information that may affect the operation of your business in Kosovo.**

## **New laws on CIT, PIT and VAT in Kosovo**

**The Kosovo Parliament approved the Law No. 03/L-113 dated 18 December 2008 on Corporate Income Tax, Law No. 03/L-115 dated 18 December 2008 on Personal Income Tax and Law No. 03/L-114 dated 18 December 2008 on Value Added Tax.**

**The new laws generally reproduce the texts of the repealed UNMIK regulations. The major changes include the reduction of the tax rates for CIT and PIT and the increase of the VAT rate.**

### **New CIT rates in Kosovo**

Under the new Law on Corporate Income Tax, the corporate income tax (CIT) rate is 10%.

The withholding rate on payments made for dividends, interest or royalties is 10%. The same withholding rate is applicable to rent payments made by persons other than individuals.

### **New PIT rates in Kosovo**

Under the new Law on Personal Income Tax, the applicable personal income tax (PIT) rates are as follows:

- For the annual taxable personal income not exceeding EUR 960, the PIT rate is 0%.
- For the annual taxable personal income over EUR 960 up to EUR 3,000, the PIT rate is 4% of the amount over EUR 960.
- For the annual taxable personal income over EUR

3,000 up to EUR 5,400, the tax is EUR 81.6 plus 8% on the amount over EUR 3,000.

- For the annual taxable personal income over 5,400, the tax is EUR 273.6 plus 10% on the amount over 5,400.

### **New VAT rate in Kosovo**

Under the new Law on Value Added Tax, the new applicable rate is 16%.

### **Entry into force**

The new laws were published on the official website of the Kosovo Parliament on 5 January 2009.

The new laws entered into force on 1 January 2009.

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