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**“On Amending and Supplementing  
Law ‘On Real Estate Tax’”**

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# Tax Alert



## **Law no. 08/L-224 “On Amending and Supplementing Law no. 06/L-005 ‘On Real Estate Tax’”**

The Assembly of Kosovo adopted Law no. 08/L-224 “On Amending and Supplementing the no. 06/L-005 ‘On Real Estate Tax’” (**Law**), which was published on 16.08.2023 in the Official Gazette.

The Law introduces progressive taxation of real estate in Kosovo, increases the allowances for primary residence and a temporary tax amnesty.

As stipulated by the Law, the progressive tax rate for calculating tax liability is structured according to the following thresholds:

- a. Properties valued up to EUR 100,000 can be subject to a tax rate ranging from 0.10% to 1%.
- b. For properties exceeding EUR 100,000, a tax rate that ranges from 0.20% to 1% is applicable, in addition to the tax on the first EUR 100,000.
- c. For properties exceeding EUR 500,000 a tax rate that ranges from 0.30% to 1% is applicable, in addition to taxes from calculated as per points a and b.
- d. For properties exceeding EUR 1,000,000, a tax rate ranging from 0.40% to 1% can be applied, in addition to taxes as calculated per points a, b, and c.
- e. Properties valued above EUR 5,000,000 can be subject to a tax rate ranging from 0.50% to 1%. This tax is added to the taxes calculated from points a, b, c, d.

The Municipal Assembly is the authority for determining the tax rate in a progressive manner.

Additionally, the Law introduces the following allowances of the property tax exemption:

- A primary residence valued up to EUR 30,000 for individuals who declare it within the relevant municipality by November 30th of the preceding year to the tax year.
- Agricultural land valued up to EUR 50,000 as determined by individuals seeking tax exemptions and declared within the relevant municipality by November 30th of the year prior to the tax year.

The tax allowances defined in the Law are applied only once within the tax year for each taxpayer, regardless of the number of properties and/or possessions of the taxpayer and regardless of the fact that the units may be located in different municipalities.

Moreover, the Law provides the tax amnesty for every taxpayer who is obliged to pay the real estate tax for 2023. The amount of property tax waived is up to the amount of the property tax invoice for the year 2023, but not more than EUR 100. All the municipalities are obliged to issue the decision for the property tax amnesty within 30 days from the entry into force of this Law.

Furthermore, according to the provisions of the Law, the tax liabilities shall have a statutory limitation term of 10 (ten) years starting from the date of the decision on the execution of unpaid tax liabilities.

However, this specified statutory limitation period will not be applicable under the following circumstances:

- If the taxpayer voluntarily makes partial payments toward the tax liability after the expiration of the ten-year period.
- If the taxpayer reaches an agreement with the municipality for a payment arrangement or the settlement of the tax liability.
- When a court decision has been rendered concerning the tax liability.



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