

BOGA & ASSOCIATES

LEGAL • TAX • ACCOUNTING

A PRACTICAL GUIDE
on Doing Business in Kosovo

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BOGA & ASSOCIATES AT A GLANCE!

Boga & Associates, established in 1994, has emerged as one of the premier law firms in Albania, earning a reputation for providing the highest quality of legal, tax and accounting services to its clients. Boga & Associates also operates in Kosovo (Pristina) offering full range of services. Until May 2007, the firm was a member firm of KPMG International and the Senior Partner/Managing Partner, Mr. Genc Boga, was also Managing Partner of KPMG Albania.

Our firm's particularity is linked to the multidisciplinary services it provides to its clients. Apart of the wide consolidated legal practice, the firm offers also a significant expertise in tax and accounting services with a keen sensitivity to the rapid changes in the Albanian and Kosovar business environment.

Boga & Associates is continuously ranked by Chambers and Partners as 'top tier firm' for Corporate/Commercial, Dispute Resolution, Projects, Intellectual Property, Real Estate, as well as by IFLR in Financial and Corporate Law. The firm is praised by clients and peers as a *"law firm with high-calibre expertise"* and is distinguished *"among the elite in Albania"* and as *"accessible, responsive and wise"*.

Areas of practice

LEGAL: Commercial, Corporate, Mergers and Acquisitions, Banking and Finance, Competition, Employment, Construction, Telecommunication, Oil and Energy, Procurement, Environment, Real Estate, IP, Litigation, etc.

TAX: Tax Advice, Compliance, Audit, Litigation.

ACCOUNTING: Accounting, Bookkeeping and Payroll.

Languages spoken: Albanian, English, French, Italian.

REGISTRATION OF A BRANCH OFFICE

General overview

Documents to be filed

Terms, legalization process and official fees

GENERAL OVERVIEW

A foreign company may conduct its business in Kosovo through a branch office upon registration with the Kosovo Business Registration Agency (the 'KBRA').

The branch office is not a separate legal entity, consequently, rights and obligations pertaining to the branch office shall be deemed to pertain to the parent company.

There are no capital requirements for the registration of the branch. The parent company may allocate to the branch those funds as considered appropriate for the conduct of its activity in Kosovo.

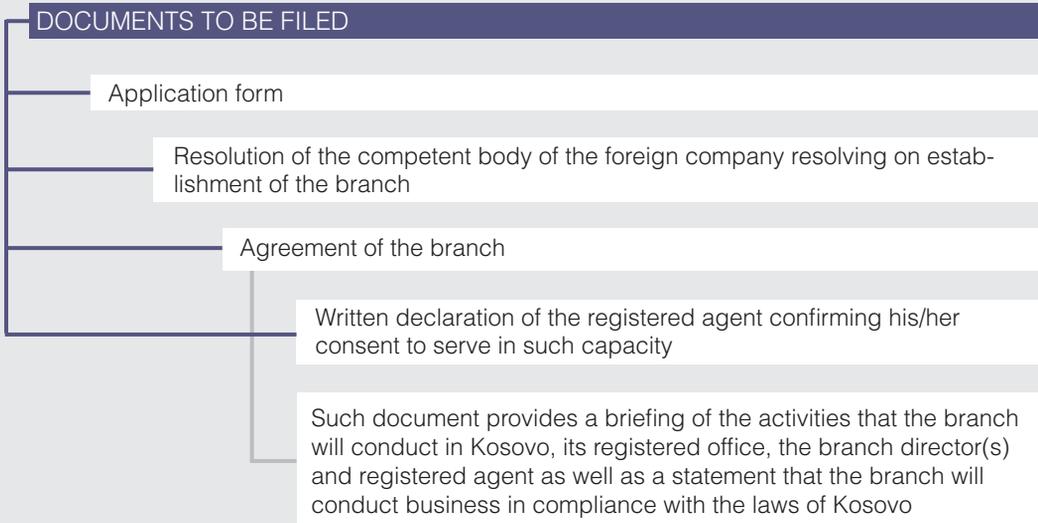
The branch is managed by one or more directors, either foreign or Kosovo citizens.

A registered agent (i.e. a person with permanent residence in Kosovo, whose main place of business is at the branch registered office) must be appointed as contact person insofar as it concerns receiving correspondence from the public authorities.

If a foreign company is engaged exclusively in exporting to Kosovo products or services which are imported by purchasers or potential purchasers established or residing in Kosovo, it shall not be required to register at the KBRA.

Upon completion of the procedures of registration, the KBRA issues the Business Registration Certificate and the "Information about Business" excerpt. The latter provides a summary of the activity that the branch will conduct in Kosovo, its registered office, information about the parent company, the branch director(s) and the registered agent.

DOCUMENTS TO BE FILED



DOCUMENTS TO BE FILED

DOCUMENTS TO BE FILED

Photocopies of passports of the registered agent the persons signing the resolution listed under item (2) above and of each director (legal representative) of the branch

Articles of Incorporation and/or Bylaws of the foreign company

Registration certificate of the foreign company at the place of origin or the document, which is equivalent to registration certificate, that should be original or notarized, not older than three (3) months from the date of issuance and confirms regular establishment of foreign company in that jurisdiction

Power of attorney issued to the persons authorized to complete the registration process with KBRA

TERMS, LEGALIZATION PROCESS AND OFFICIAL FEES

The KBRA registers the branch within three (3) calendar days following the application date.

All documents presented for registration purposes with Kosovo public authorities (including the KBRA), in foreign language and executed abroad or issued by foreign public authorities should be in original or notarized copies. Registration documents can be filed with the KBRA in Albanian, Serbian and English language. Registration with the KBRA is free of charge.

REGISTRATION OF A LIMITED LIABILITY COMPANY

General overview

Documents to be filed

Additional documents to be filed

Terms, legalization process and official fees

GENERAL OVERVIEW

The limited liability company is the most common and preferred legal form for conducting business in Kosovo. It is governed by the General Meeting of Shareholders and by the Managing Director or Directors (if it is regulated with the Charter and Bylaws, the company can create and hold a Board of Directors); it may have one or more individuals and/or legal entities as its owner(s); it may be managed by one or more individuals, either foreign or Kosovo citizens.

A registered agent (i.e. a person with permanent residence in Kosovo, whose main place of business is at the company's registered office) must be appointed as contact person as it concerns receiving correspondence from public authorities in Kosovo.

Upon completion of the procedures of registration, KBRA issues the Business Registration Certificate and an excerpt of the company "Information about Business". The latter provides a briefing of the activity that the company will conduct in Kosovo, its registered office, information about the shareholder(s), the director(s) and the registered agent.

DOCUMENTS TO BE FILED

DOCUMENTS TO BE FILED

Application form

Company Agreement and Charter

Written declaration of the registered agent who clearly expresses his/her consent to serve in such capacity

Photocopy of passports of the registered agent of the new company, of the persons signing the documents listed under item (2) herein above and of each director (legal representative) of the new company

Power of attorney to the persons authorized to complete the registration process

ADDITIONAL DOCUMENTS TO BE FILED

FOREIGN LEGAL ENTITIES AS SHAREHOLDERS

Articles of Incorporation, Bylaws of shareholder

Resolution of the competent body of the founding shareholder to establish the new company

Registration certificate of the founding shareholder at the place of origin or the document, which is equivalent to registration certificate, that should be original or notarized, not older than three (3) months from the date of issuance and confirms regular establishment of a foreign company in that jurisdiction

ADDITIONAL DOCUMENTS TO BE FILED

INDIVIDUALS AS SHAREHOLDERS

Photocopy of shareholder(s) passport(s)

TERMS, LEGALIZATION PROCESS AND OFFICIAL FEES

The KBRA registers the new company within three (3) calendar days following the application date.

All documents executed abroad or issued by foreign public authorities should be in original or notarized copies. Registration documents can be filed with the KBRA in Albanian, Serbian and English language. The registration is free of charge.

OTHER REGISTRATIONS AND DECLARATIONS

Opening of a bank account

The fiscal and VAT certificate

Work consent issued by the Labor Inspectorate

OPENING OF A BANK ACCOUNT

After having registered with the KBRA, the business organization (i.e. foreign business organization, Limited Liability Company or Joint Stock Company) has to open a bank account in a local bank in Kosovo.

The following documents are usually required by banks for purposes of opening the bank account:

- (i) The incorporation documents of the business organization, i.e.:
 - a. agreement of the branch;
 - b. agreement and charter for a limited liability company.
- (ii) Photocopy of director(s) passport(s);
- (iii) Business Registration Certificate and the Information about Business (i.e. documents issued by the KBRA).

The presence of the director(s) in the Bank for the opening of the account is mandatory.

Once having completed registration with the KBRA and opening a bank account in Kosovo, the business organization has to register with the Tax Administration of Kosovo ('TAK') to obtain the Fiscal Number Certificate and VAT Certificate.

THE FISCAL AND VAT CERTIFICATE

The following documents are required to be submitted with TAK in order to obtain the Fiscal Number Certificate:

- (i) Application form;
- (ii) Photocopy of director(s) passport(s);
- (iii) Bank account statement;
- (iv) Business Registration Certificate and Information about Business;
- (v) Photocopy of incorporation documents of the respective business organization;
- (vi) Power of attorney for the persons authorized to complete the registration, in case the registration is not made by the director;
- (vii) Photocopy of the ID card of the authorized person;
- (viii) Lease agreement/ownership certificate of the business premises of the newly registered business organization.

The following documents are required to obtain the VAT Certificate:

- (i) Application form;
- (ii) Photocopy of the Fiscal Number Certificate;
- (iii) Photocopy of passports(s) of director(s);
- (iv) Business Registration Certificate and Information about Business;
- (v) Authorization form (easily downloaded from the official website of TAK for the registration process) in case registration is not performed by the legal representative of the new company;
- (vi) Photocopy of the ID card of the authorized person.

The registration takes approximately two weeks.

It should be noted that all three certificates (i.e. Business Registration Certificate, Fiscal and VAT Certificate) can be obtained with the KBRA, in case the shareholder of the limited liability company is an individual (not a legal entity).

WORK CONSENT ISSUED BY THE LABOR INSPECTORATE

The Labor Inspectorate is an executive body within the Ministry of Labor and Social Welfare that is responsible for supervising the implementation of the Labor Law provisions and other legislation in this field (The Law on Safety and Health at Work, the Administrative Instruction on imposing fines to employers for not complying with the provisions of the Labor Law etc.). The Labor Inspectorate issues work consent to legal entities conducting activities in Kosovo. The purpose of such consent is to confirm that the registered office of the company and/or branch satisfies the technical and safety requirements in the place of work.

WORK CONSENT ISSUED BY THE LABOR INSPECTORATE

DOCUMENTS TO BE FILED

Application form

Business Certificate with Business Information excerpt

Records on employees

Employment contracts in conformity with the Labor Law

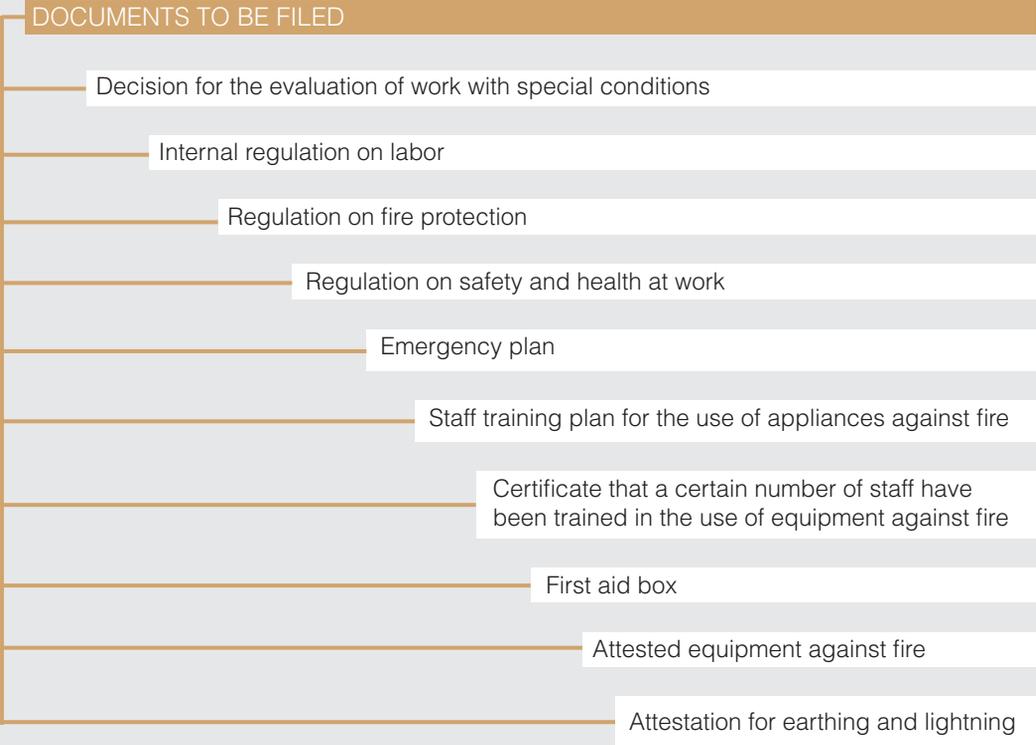
The plan for the use of annual leave for the year ahead

The decision to use annual leave for the current year

Records on employee's used sick leave, paid or unpaid leave

List of salaries with the accompanying forms for the payment of salaries tax and contributions

WORK CONSENT ISSUED BY THE LABOR INSPECTORATE



WORKING AND RESIDING IN KOSOVO

Residence of foreigners

Residence permit

Certificate on employment notification

RESIDENCE OF FOREIGNERS

Foreigners in the Republic of Kosovo may work on the basis of a permit issued for residence and employment or a certificate for employment notification.

The residence of foreigners in Kosovo is governed by the provisions of law no. 04/L-219 “On Foreigners” (the Law on Foreigners) and the Administrative Instruction no. 01/2014 “On the Procedure of Issuance of Residence Permit for Foreigners and the Certificate for Notification of Work” (the Administrative Instruction). Under the Law on Foreigners, the term foreigner refers to any person who is not a citizen of the Republic of Kosovo.

The Department for Citizenship, Asylum and Migration (the “DCAM”), of the Ministry of Internal Affairs, is empowered by the Law on Foreigners to evaluate all applications and issue residence permits to foreigners.

The Law on Foreigners foresees that an annual employment quota for foreigners should be approved upon decision of the Government of the Republic of Kosovo. The decision will define the annual quota of employment of foreigners for new permits and extension of existing ones, at the latest by 31st of October for the following year.

The fees for obtaining the residence permit are defined by Decision no. 506/2013, dated 02.12.2013 “On Determining the Tariffs” issued by the Minister of Internal Affairs. Pursuant to the said decision, in case the residency permit will be issued for employment purposes, the official fee of EUR 50 will be applied for temporary residence permit and EUR 100 for permanent residence permit.

RESIDENCE PERMIT

There are three types of residence in the Republic of Kosovo: (a) short-term residence; (b) temporary residence; and (c) permanent residence.

Short-term residence shall mean residence of a foreigner up to three months within the period of six months without visa or with visa, if required. The period of residence shall be calculated from the date of the first entry in the Republic of Kosovo.

Temporary residence shall be granted to a foreigner who resides or his/her intention is to reside in the territory of the Republic of Kosovo, for the purpose of employment, employment of a posted worker, family reunion, education, scientific research, humanitarian grounds, including refugees, persons under subsidiary protection and victims of human trafficking or victims of migration, smuggling and foreigners who have willingly expressed cooperation with competent authorities. Notwithstanding the above, a temporary residence may be issued to a foreigner for other purposes as well.

The permanent residence permit shall be granted to a foreigner who at the time of submission of the application has a temporary residence permit continuously for a period of five years in the Republic of Kosovo and meets the other criteria defined in the Law on Foreigners.

RESIDENCE PERMIT

Pursuant to the Administrative Instruction, for obtaining temporary residence permit for the purpose of employment in Kosovo within the annual employment quota, the foreigner should provide the following documents to DCAM:

- (i) Valid travel document/passport. The passport should be valid for at least 3 months after the expiry of the residency permit term;
- (ii) Employment contract pursuant to the labor legislation in the Republic of Kosovo, exceptionally the employment contract shall not be requested to foreigners who are owners of businesses;
- (iii) Evidences proving sufficient living means;
- (iv) Criminal Record Certificate issued by the competent authorities in the country of origin;
- (v) Business Registration Certificate together with 'information about business' excerpt;
- (vi) Proof on education, qualifications, and trainings of the foreigners (i.e. foreigners who are business owners are excluded from this condition);
- (vii) Health Insurance Policy with validity of at least one year from the date of application;
- (viii) Evidence of vaccination in cases when the foreigner comes from a state where epidemic situation is declared.

In addition to the above the applicant should not have been subject to an entry ban in Kosovo.

This list of documents varies depending on the purpose of work in Kosovo (e.g. work with an NGO and/or volunteer job within the scheme of volunteer services).

RESIDENCE PERMIT

Notwithstanding the above, the work permit may be issued outside the annual quota to the following categories of foreign citizens:

- (i) Daily immigrants based on reciprocity conditions;
- (ii) Key personnel, service providers, employees and their family members, whose status is regulated by the Stabilization and Association Agreement and the interaction between the European Union and its states and the Republic of Kosovo;
- (iii) Foreigners working in private companies that are subcontractors of diplomatic missions that operate in Kosovo;
- (iv) Foreigners transferred within internal transfer of staff within companies and other required staff determined in advance under the contract;
- (v) Foreigners self-employed in their own companies, having a greater share than 51% or having turnover of its own;
- (vi) Foreign teachers teaching in educational institutions in one of the languages of ethnic minorities;
- (vii) Professional athletes or sports activists working in Kosovo;
- (viii) Foreign artists working in cultural institutions of Kosovo;
- (ix) Foreigners having established employment relationships in companies, which are registered as foreign companies in Kosovo and at least in three other countries;
- (x) Foreigners working under Youth Mobilization Program, which Kosovo carries out in cooperation with other states;
- (xi) Foreign scientific researchers, foreigners employed in scientific positions, scientific-educational, or other work research positions with the legal entity that conducts scientific research;
- (xii) Foreign language professors, lecturers and other teachers teaching at higher education institutions or foreign language schools in Kosovo;
- (xiii) Foreigners working on the bases of international contracts, except the categories of foreigners referred in point (ii) above;
- (xiv) Foreigners performing major tasks for trading companies, associations, and foreign representations.

RESIDENCE PERMIT

The list of documents required to be submitted with DCAM varies depending on the category of foreign citizens as listed above.

For obtaining the permanent residence permit, the foreigner in addition to possessing a temporary residence permit for five consecutive years in the Republic of Kosovo should also: (i) possess a foreign valid travel document; (ii) have sufficient living means; (iii) possess a medical insurance; (iv) have basic knowledge of one of the official languages of the Republic of Kosovo in writing and reading, knowledge on the culture and social establishment; and (v) not constitute a threat to public order, state security and public health.

The Law on Foreigners provides additional circumstances for granting permanent residence permit to certain categories of foreigners.

CERTIFICATE ON EMPLOYMENT NOTIFICATION

In addition, the Law on Foreigners provides for the possibility of obtaining a Certificate for Employment Notification for foreigners who intend to work in the Republic of Kosovo for a period up to thirty, sixty or ninety days within one year.

The Law defines categories of foreigners and the types of works that can be performed on the basis of certificate for employment notification for the respective periods. The certificate for employment notification is issued from the Department of Labor and Employment within the Ministry of Labor and Social Welfare.

The requirements/documents foreseen by the Administrative Instruction for certificate on employment notification are as follows:

- (i) Employment contract, respectively, written certificate for employment contract or the adequate proof of work;
- (ii) Proof of education, qualification, and trainings of the foreigner;
- (iii) Proof of registration of company, association; branch, business, agency and organization in the Republic of Kosovo;
- (iv) Administrative fee.

The provisions of the Law will not apply to foreigners as long as their status is regulated under the law on status, immunity and privileges of diplomatic and consular missions, their staff, international military presence and their staff in Kosovo.

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