

### Issue 03/14

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

#### Financial statements for Small and Medium Enterprises (SMEs)

In reference to article 5 of Law no. 04/L-014, dated 10.09.2011 "On Accounting, Financial Reporting and Audit", Kosovo Financial Reporting Council (KFRC) has approved the Administrative Instruction no. 02/2014 "On International Financial Reporting Standards for SMEs".

Administrative Instruction no. 02/2014 provides the obligation of SMEs to prepare the financial statements in conformity with IFRS for SMEs issued from International Accounting and Assurance Standard Board and approved by KFRC on 27.06.2014.

IFRS for SMEs have to be applied six months after their publication on the website of KFRC.

Under Law no. 04/L-014, the following are the criteria for classification of SMEs:

- a. Medium enterprises which fulfill two out of three of the following criteria:
  - (i) net annual turnover is higher than two million Euro but less than four million Euro;
  - (ii) gross assets in the balance sheet are higher than one million Euro and less than two million Euro;
  - (iii) average number of employees during the financial year is higher than ten (10) but smaller than fifty (50).
- b. Small enterprises which fulfill two out of three of the following criteria:

- (i) net annual turnover is higher than fifty thousand Euro but less than two million Euro;
- (ii) gross assets in the balance sheet are higher than twenty thousand Euro and less than one million Euro;
- (iii) average number of employees during the financial year is up to ten (10).

#### Working group for analyzing the VAT policy on basic consumer products

Kosovo Government with its Decision no. 02/196, dated 17.09.2014 has established a working group, which will examine the existing fiscal policy on basic customer products. The working group is composed of eight members representing the Ministry of Finance, Ministry of Economic Development, Ministry of Trade, Office of Prime Minister, Customs and Tax Authorities and the civil society.

The scope of the working group is to analyze the sale price of the basic consumer products and public services in Kosovo and in the countries of the region, the advantages and disadvantages of the current policy and of any possible changes, as well as the impact on the economic situation of Kosovo. Based on its analysis, the working group should provide proposals to the Government for improvements to the fiscal system related to these products and services.

# BOGA & ASSOCIATES

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## Boga & Associates

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The firm maintains its commitment to quality through the skills and determination of a team of attorneys and other professionals with a wide range of skills and experience. The extensive foreign language capabilities of the team help to ensure that its international clientele have easy access to the expanding Albanian and Kosovo business environment.

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