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LEGAL ■ TAX ■ ACCOUNTING

**A PRACTICAL GUIDE
TO DOING BUSINESS
IN KOSOVO**

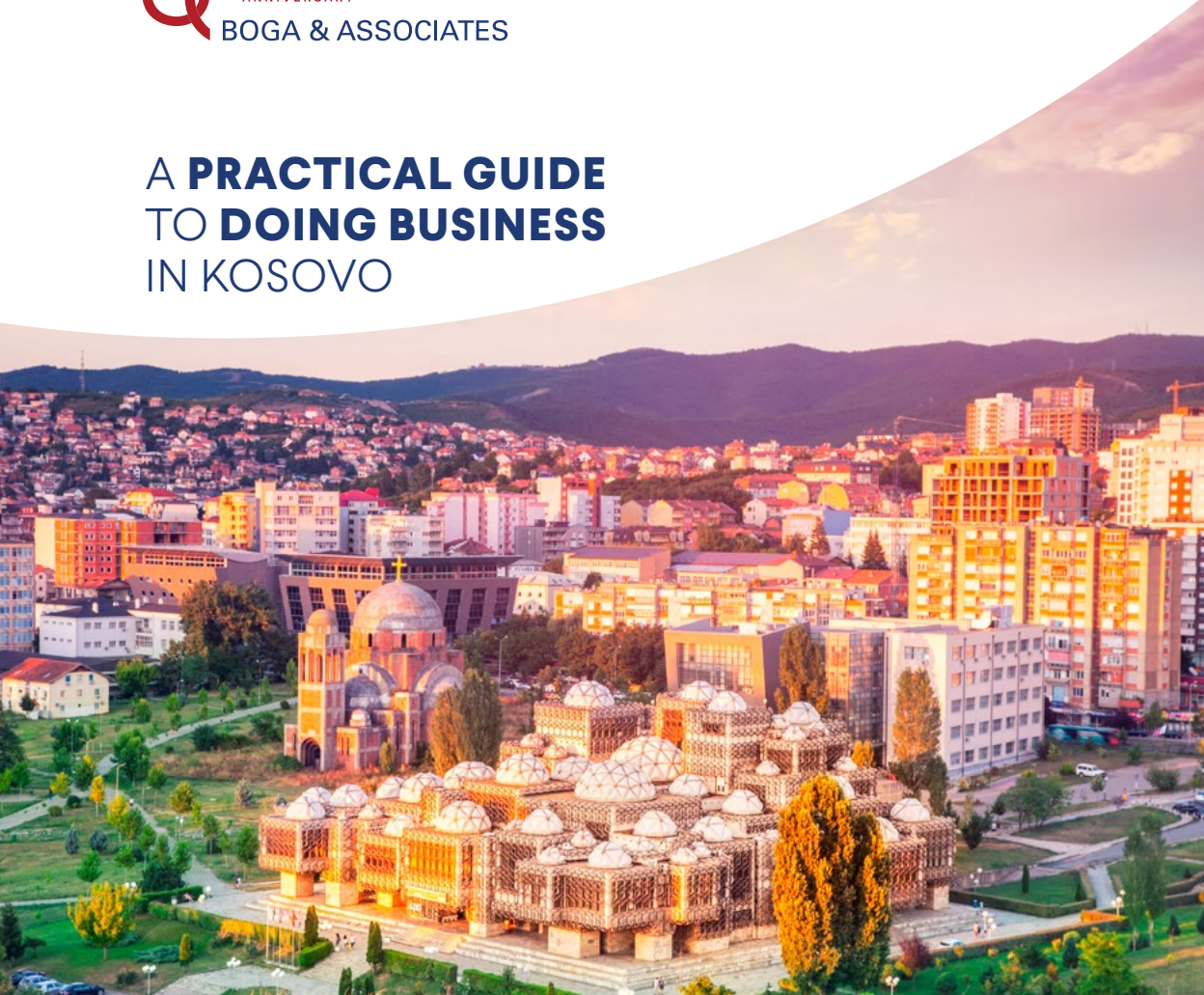


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A PRACTICAL GUIDE TO DOING BUSINESS IN KOSOVO

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BOGA & ASSOCIATES AT A GLANCE!

Boga & Associates, founded in 1993 by Mr. Genc Boga, has emerged as one of the premier law firms in Albania and Kosovo, earning a reputation for providing the highest quality of legal, tax and accounting services to its clients. From 1999 until 2007, the firm was a member firm of KPMG International. Mr. Genc Boga is the Managing Partner of Boga & Associates and until 2007 he was also the Senior Partner/Managing Partner of KPMG Albania.

The firm’s uniqueness 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 recognized as a top tier firm in Corporate/Commercial, Dispute Resolution and Intellectual Property by Chambers Europe (2023), Corporate Law by Chambers Global (2023), a top tier firm by The Legal 500 (2023) in Financial and Corporate Law by IFLR1000 (2023), top tier in Benchmark Litigation Europe (2022) and Trademark World Review (2023).

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, Serbian.

REGISTRATION OF A BRANCH OFFICE

General overview

Documents to be filed

Terms and official fees

GENERAL OVERVIEW

A foreign company may conduct its business in Kosovo through a branch office required to be registered with the Kosovo Business Registration Agency (the 'KBRA').

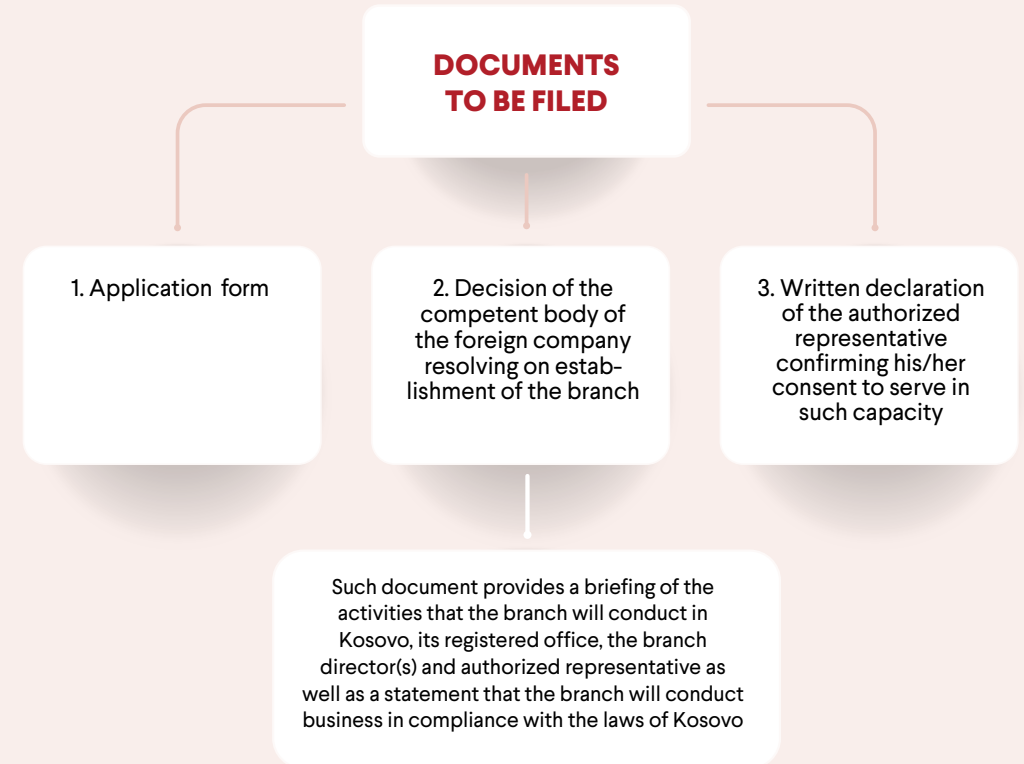
The branch office is not a separate legal entity, consequently, rights and obligations pertaining to the branch office shall be deemed to pertain to the parent company.

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.

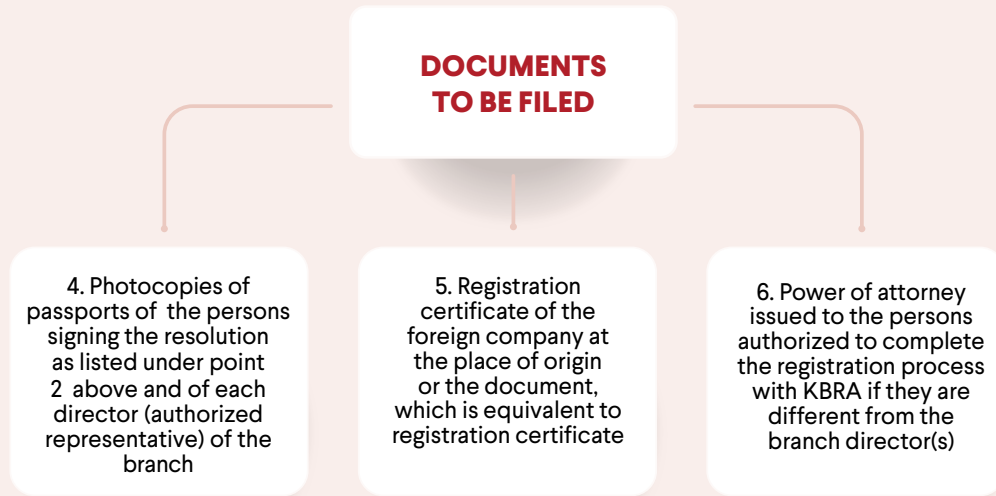
The branch is managed by one or more directors, either foreigners or Kosovo citizens, who shall act as authorized representatives of the branch and represent the branch in relations with third parties.

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 authorized representative.

DOCUMENTS TO BE FILED



DOCUMENTS TO BE FILED



TERMS AND OFFICIAL FEES

The KBRA registers the branch within two (2) working days following the application date.

Registration documents can be filed with the KBRA if they are different from the branch director(s) in Albanian, Serbian or 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 and official fees

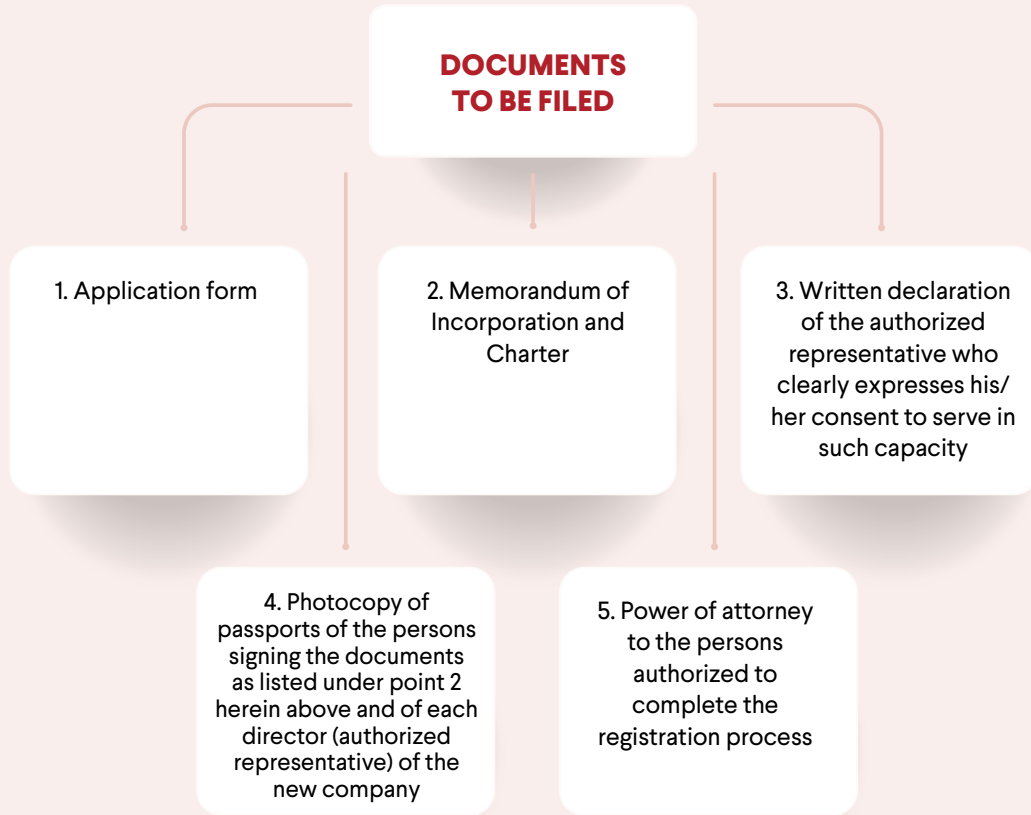
GENERAL OVERVIEW

The limited liability company is the most common of establishment form for conducting business in Kosovo. The company can be founded and owned by one or more shareholders that can be individual and/or legal entities, other than NGOs, whether foreigners and/or from Kosovo, without any restriction. It is governed by the Shareholders Assembly and managed by the Managing Director(s) that should be individuals, whether foreigners and/or from Kosovo (the company Charter may provide as well for a Board of Directors).

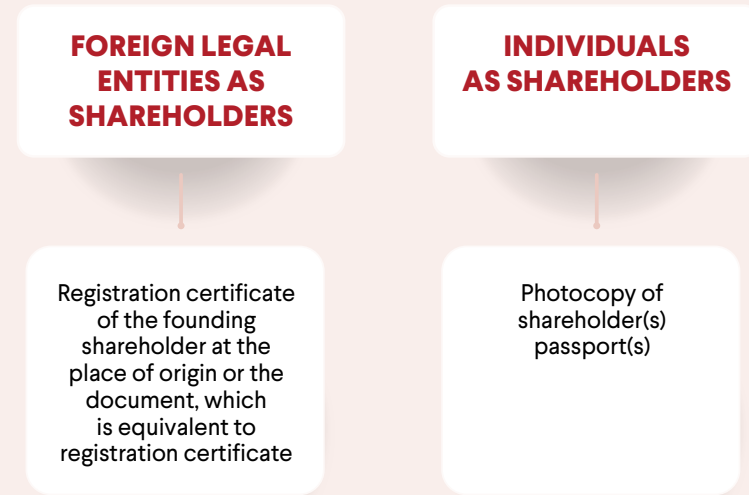
The Managing Director(s) acts as authorized representative(s) and represents the limited liability company in relations with third parties.

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 summary of the activity that the company will conduct in Kosovo, its registered office, information about the shareholder(s), the Managing Director(s), if the case will be, members of the Board of Directors, and the authorized representative.

DOCUMENTS TO BE FILED



ADDITIONAL DOCUMENTS TO BE FILED



TERMS, LEGALIZATION PROCESS AND OFFICIAL FEES

The KBRA registers the new company within two (2) working days following the application date.

Registration documents can be filed with the KBRA in Albanian, Serbian or English language. The registration is free of charge.

OTHER REGISTRATIONS AND DECLARATIONS

Opening of a bank account

VAT certificate

Inspections conducted 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. decision of the branch;
 - b. memorandum of incorporation 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 managing 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 Value Added Tax Certificate.

VAT CERTIFICATE

The following documents are required to obtain the VAT Certificate:

- (i) Application form;
- (ii) Photocopy of passports(s) of director(s);
- (iii) Business Registration Certificate and Information about Business;
- (iv) 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;
- (v) Photocopy of the ID card of the authorized person.

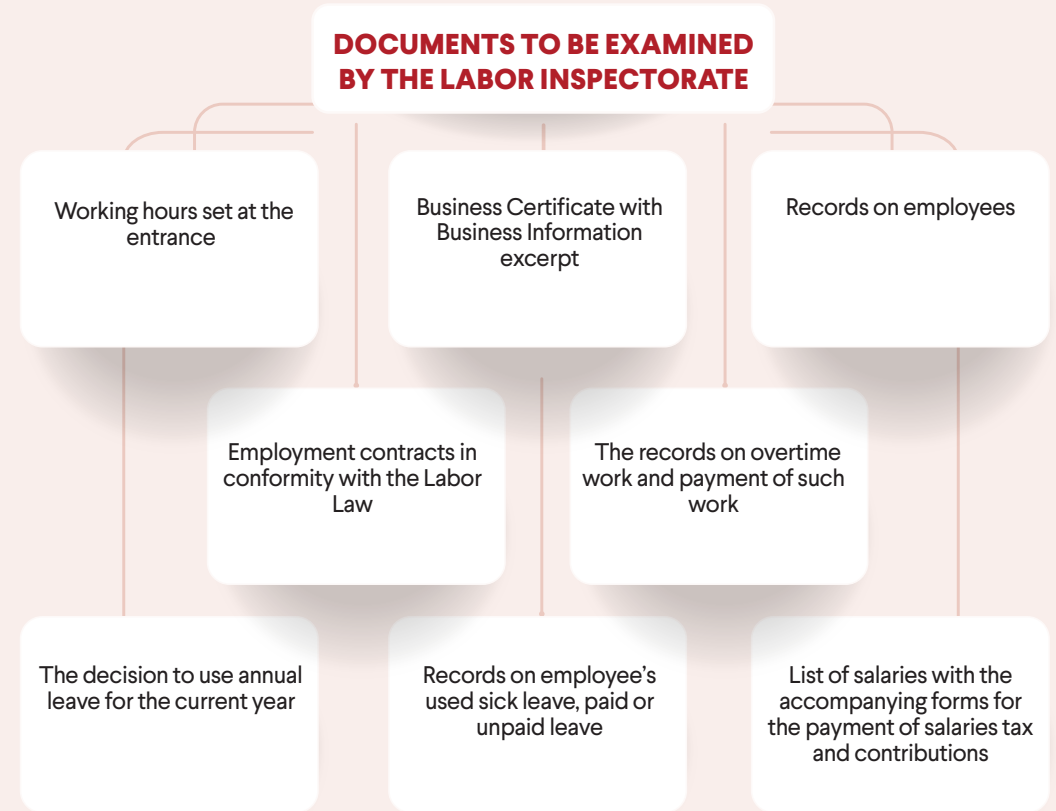
The registration takes approximately two days.

It should be noted that the Business Registration Certificate 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).

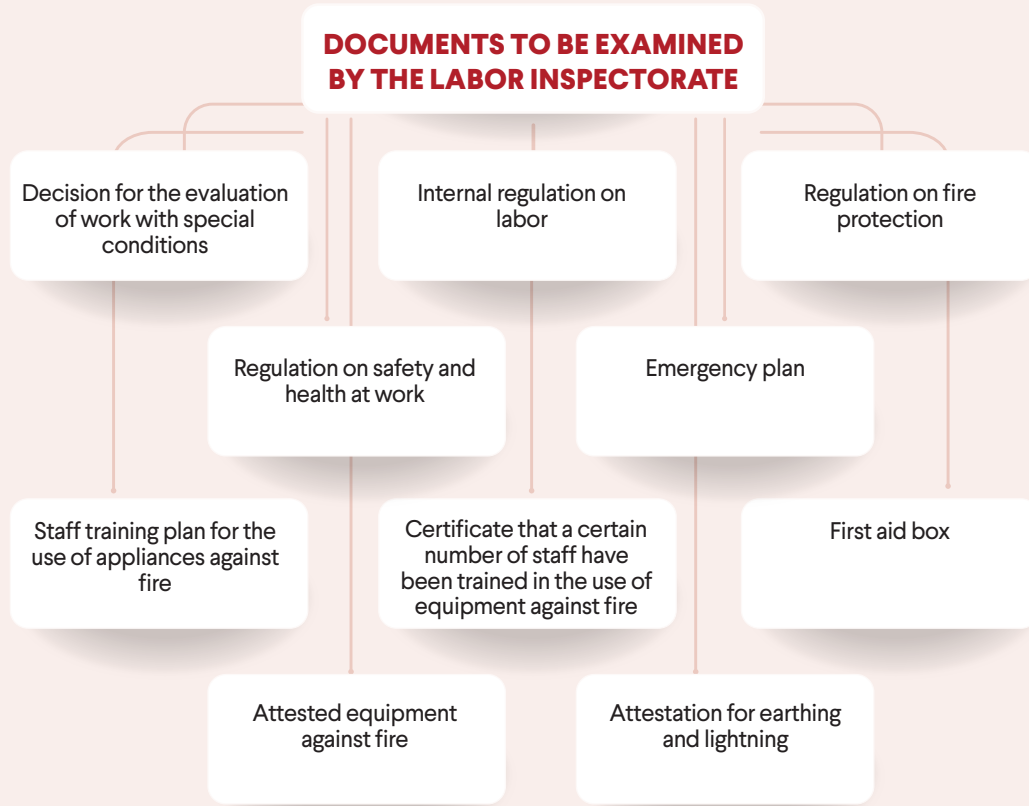
INSPECTIONS CONDUCTED BY THE LABOR INSPECTORATE

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.).

DOCUMENTS RELATED TO EMPLOYMENT TO BE KEPT BY THE EMPLOYER



DOCUMENTS RELATED TO HEALTH AND SAFETY AT WORK TO BE KEPT BY THE EMPLOYER



WORKING AND RESIDING IN KOSOVO

Residence of foreigners

Residence permit for work

Short term work permit

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 or a short term residency of foreigners in Kosovo is governed by the provisions of law no. 04/L- 219 “On Foreigners”, as amended (the Law on Foreigners) and the Administrative Instruction no. 09/2019 “On the Procedure and Criteria for Issuance of Residence Permit for Foreigners” (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 FOR WORK

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 FOR WORK

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 FOR WORK

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.

SHORT TERM RESIDENCY

In addition, the Law on Foreigners provides for the possibility of obtaining a short-term work permit 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 on Foreigners defines categories of foreigners and the types of works that can be performed on the basis of short term work permit for the respective periods. The short term work permit 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 on Foreigners 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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