



REPUBLIKA E KOSOVËS – REPUBLIKA KOSOVO – REPUBLIC OF KOSOVO  
AGJENCIA KOSOVARE E PRIVATIZIMIT – KOSOVSKA AGENCIJA ZA PRIVATIZACIJU – PRIVATISATION AGENCY OF KOSOVO

# Privatisation In Kosovo

GENERAL INFORMATION

March 2009

PRIVATISATION IN KOSOVO  
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## HOW DO I BID FOR A SOCIALLY – OWNED ENTERPRISES - SOE?

### *Overview of Kosovo's Privatisation Program*

- Kosovo is situated in the heart of the vibrant economies of Southeastern Europe. The territory has been under the administration of the United Nations Mission in Kosovo (UNMIK) from June 1999. Through its declaration of independence on 17 February 2008 and the subsequent international recognition by world's leading democracies and economies, Kosovo has removed the last political obstacle for attracting foreign investors. By setting economic growth as its first priority, the Government of Kosovo has also committed to continue economic reforms in order to make the country more attractive for foreign investors.
- Kosovo has low taxes and a simple tax system with additional fiscal reforms being currently planned by the government. It further offers macroeconomic stability, simple and quick business registration procedures, the Euro as its official currency, and a young, dynamic and well educated work force. Through its membership in CEFTA, investors entering Kosovo will in fact enter a market of 28 million people. In addition, Kosovo enjoys customs-free access to the EU market based on the EU Autonomous Trade Preference (ATP) Regime.
- The Privatization Agency of Kosovo is established as an independent public body that shall carry out its functions and responsibilities with full autonomy,

by the Assembly of Kosovo Law on the PAK No. 03/L-067, which entered into force on 15 June 2008. This Law implements relevant provisions of the Comprehensive Proposal for the Kosovo Status Settlement dated 26 March 2007 (Annex VII, Article 2 thereof), which is an integral part of the Constitution of the Republic of Kosovo.

The PAK is established as the successor of the Kosovo Trust Agency regulated by UNMIK Regulation 2002/12 "on the establishment of the Kosovo Trust Agency", as amended, and all assets and liabilities of the latter shall be assets and liabilities of the PAK.

- Members of the PAK Board of Directors were appointed by the Assembly of the Republic of Kosovo as well as PAK international members by International Civilian Representative in accordance with the provisions of Law on establishment of PAK and this board has the full jurisdiction over the PAK.

Over 590 business enterprises in Kosovo have been identified as potentially being Socially Owned Enterprises ("SOE-s"). SOEs operate in a variety of sectors including metal processing, plastics, paper, hotels, mining, agro-industrial, agriculture, forestry, building materials, construction, textiles, wineries and vineyards, brewing, tobacco, and retail and wholesale trade.

- An overview of the privatization program shows that 30 waves of successful privatization tenders have been concluded up to 30th of June 2008 by the predecessor Agency (the KTA), and 3 waves of privatization up to December 2008 by the Privatization Agency of Kosovo, with the sale of SOE-s in a variety of sectors to local, regional, and international investors.

The PAK will continue with privatizations through three methods:

- **“Spin-Off”**- The assets and a limited number of liabilities of the SOE-s are transferred to newly establish joint stock companies (“New Co-s”) with the shares of the new companies then tendered for sale to private investors. Remaining liabilities and employees remain with the SOE-. Most spin-offs are expected in the best performing sectors; these are agro processing, which includes wineries and food processing entities, the construction materials sector, mining, and metal processing.
- **“Special Spin-Off”**: Is similar to a spin-off but allows the PAK to attach conditions (for example, maintaining a minimum level of employment, investment commitments, remaining in the same line of business) to the tender. Special spin-offs are to be used generally for only the largest, most strategic SOEs.
- **Voluntary Liquidation**: For those SOEs that are not viable and clearly have no survival prospects, Liquidations allow an inexpensive exit from the market. Their assets will generally be liquidated through a public auction.

READERS SHOULD NOTE THAT THIS DOCUMENT IS ONLY A SUMMARY OF THE PROCESS. THE RULES OF TENDER WILL GOVERN THE TENDER PROCESS AND NOT THIS DOCUMENT. BIDDERS MUST THEREFORE REFER TO THE RULES OF TENDER IN CONNECTION WITH THEIR BID AND NOT THIS DOCUMENT. IF THERE IS ANY DISCREPANCY BETWEEN THIS DOCUMENT AND THE RULES OF TENDER, THE RULES OF TENDER SHALL APPLY.

THE INFORMATION BELOW RELATES TO BIDDING FOR NEWCOS UNDER ORDINARY SPIN OFF ONLY. OTHER RULES APPLY IN THE CASE OF SPECIAL SPIN OFF.

### What is PAK selling?

In general, PAK is selling the assets and current liabilities (defined generally as the last three months of unpaid accounts payable and the last year of unpaid VAT) of SOEs. Investors only bid on the assets - and only a few of the current liabilities - of the SOE. **Not the SOE itself.** In this document, **“NEWCO”** refers to the assets and current liabilities of the SOE being sold by PAK.

PAK sometimes breaks SOEs into several smaller NEW COs. Please make sure you verify that you make a bid for the NEWCO that has the assets you are interested in. The Information Memorandum (see below) contains a detailed description of all assets belonging to each NEWCO.

## How do I bid for a NEWCO?

- 1) Interested Investors should contact PAK and obtain the Rules of Tender for the specific NEWCO. These Rules of Tender will govern the tender process.
- 2) Review Information Memoranda, review confidential data in the PAK Headquarters or PAK Regional Offices, conduct visits to the SOE NEWCO with PAK staff, and perform other Due Diligence.
- 3) Pre-Qualify (see below).
- 4) Submit Bid on Bid Submission Date
  - i) Attend opening of Bid (Not required)

## How do I begin my research on a NEWCO I would like to buy?

- Go to the PAK website, [www.pak-ks.org](http://www.pak-ks.org), and read the relevant sections. There are Fact Sheets available for each NEWCO.
  - You should also download the model “Rules of Tender” and read them carefully. But note that each NEWCO will have individual “Rules of Tender”, which will need to be obtained from the PAK and which will govern the tender process for the relevant “NEWCO”.
  - Contact the PAK and make an appointment to meet with a PAK Sales Department/Marketing and Investor Relation Unit representative at either the main office in Prishtina or any of the regional offices. The main number for the PAK Sales Department - Marketing and Investor Relation Unit office is +381 (0) 500-400-1255.
- The PAK regional offices are in Prishtina, Peja, Gjilan, Mitrovica and Prizren.

## What information should I request from the PAK?

- You must request the **Bid Documents** for the NEW CO you are interested in buying.
- There are specific Bid Documents for each NEW CO.
  - Sign Confidentiality Agreement for the New Co that you want to bid.
  - After you sign Confidentiality Agreement you will receive Information Memorandum, Data Room, CLOR and other relevant information.
  - You can also visit the New Co that you are interested in.
  - Due diligence – research, collection and analyses of information is responsibility of each bidder.

## What other steps must I take before Bid Day?

You must Pre-Qualify as a Registered Bidder.

## How do I Pre-Qualify as a Registered Bidder?

See the applicable rules of tender for full details of eligibility and how to pre-qualify and what documentation must be submitted.

You must submit the following at the PAK Asset Sales Department’s Main Office in Prishtina **AT LEAST 5 BUSINESS DAYS** prior to the Bid Submission Date:

### 1. Your contact details.

- This is a piece of paper which lists:
  - Your name
  - Your street address
  - Your city and country
  - Your telephone & fax number
  - Your email address
  - The above details in relation to any representative

## 2. Agency Declaration

If you are an agent for another entity, you must identify that entity and provide a certificate proving that you (the representative) are not under investigation.

## 3. A Statement of Eligibility.

This is a letter written by you. It states that you are eligible to bid. You cannot bid if you are bankrupt, have been convicted of a crime, or are currently under investigation for criminal activities. (Government institutions, SOEs, and POEs cannot bid. Employees of government institutions, SOEs, and POEs may bid individually or in a group.) *See section 3 of the applicable Rules of Tender for a complete list of ineligible bidders.*

**4. A certified copy of ID or passport** if you are bidding as a natural person, and a certificate proving that you are not under investigation.

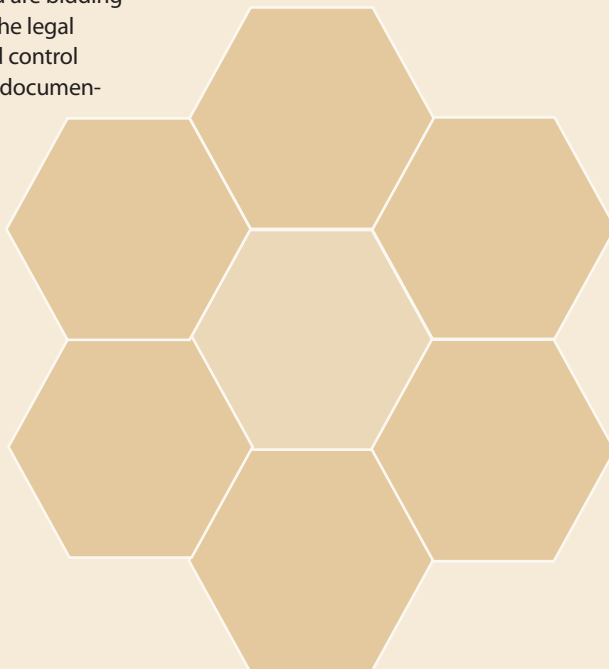
**5. A certified copy of your business registration certificate** if you are bidding as a legal entity, and a list of the legal entity's beneficial owners and control persons with any supporting documen-

tation. *See section 6.4 of the applicable Rules of Tender for details.* You should also provide a certificate proving that the owner/s and/or control persons are not under investigation. The Rules of Tender also set out certain other requirements if you are bidding as a partnership or as a consortium.

**6.** Bidders should note the language requirements in section 6.8 of the Rules of Tender.

## What happens when I submit my documents for Pre-Qualification as a Registered Bidder?

The PAK Sales Department - Marketing and Investor Relation Unit will issue you a "Registered Bidder Certificate" (and an eligibility registration number) which you must place in your "Supplemental Bid Information" envelope.



## ELEGIBILITY REGISTRATION FORM – WILL BE ISSUED BY PAK AFTER REGISTRATION

Bidder Registration Certificate				
<b>Details</b>				
<b>Name</b>				
<b>Address</b>				
<b>Telephone</b>				
<b>Type of Registration</b>	Physical Person	Legal Entity	Partnership	Consortium
<b>Attachments</b>	1			
	2			
	3			
	4			
	5			
	6			
	7			
	8			

• On behalf of the bidder, I hereby declare that the bidder is not prohibited from bidding pursuant to section 3.1 of the Rules of Tender and that all attachments provided are correct.

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

### To be completed by the PAK

We hereby confirm that \_\_\_\_\_ has pre-registered his bid-eligibility documents with the Privatisation Agency of Kosovo. We have temporarily registered the bidder with number. The PAK will review the documentation provided by the bidder. The bidder can use this bidder registration certificate for participation in all future privatization tenders of the Privatization Agency of Kosovo. If the prospective bidder is to be found in non-compliance with section 3.1 of the Rules of Tender, PAK reserves the right to withdraw the bidder registration at any given time and even after bids have been handed in.

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Stamp**

## DETAILS REGARDING BID DOCUMENTS

### How do I present my Bid Documents?

You will need **3 Bid Envelopes** to contain your **Bid**.

1. All of your Bid Documents must be put in a large sealed envelope: the **“Bid for Tender Number [ ]”** envelope.

### Inside this envelope, you must place two other sealed envelopes:

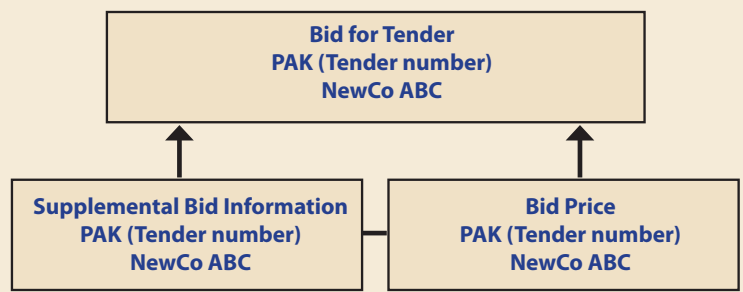
2. The **“Supplemental Bid Information”** envelope.
3. The **“Bid Price”** envelope.

### What documents are required? How do I arrange the documents in these envelopes?

#### Step 1

All the documents and envelopes listed below must be contained in one big envelope. (This is the **“Bid for Tender \_\_\_\_\_”** envelope.)

On the outside of this envelope you should write in large letters **“Bid for Tender PAK XXX Name of NewCo”** (please put the **Tender Number** in place of the XXX and the actual name of the NewCo in place of “NewCo ABC”). Please see the example below.





## Step 2

Inside the “**Bid for Tender**” envelope you should put another envelope marked “**Supplemental Bid Information**”. You should also record the Bid Tender Number on this envelope.

Please see the example below:

**Supplemental Bid Information**  
**PAK (Tender number)**  
**NewCo ABC**



### **The following Documents must be put inside the “Supplemental Bid Information” envelope:**

- 1) A copy of the eligibility registration certificate issued pursuant to section 6 of the PAK Rules of Tender.
- 2) An original of a letter duly signed by or on behalf of the Bidder stating that the Bidder agrees to be bound by the Rules of Tender - ANNEX “C”
- 3) An original bank support letter from a reputable bank confirming that the Bidder will have access to sufficient funds during the entire Tender period to pay its full bid price and the Initial Charter Capital. SUCH A BANK LETTER MUST NOT STATE THE AMOUNT OF THE BIDDERS BID PRICE. The bank should not be registered bank in a country that is in the black list of FINANCIAL ACTION TASK FORCE (FATF).
- 4) Proof that the bid submission fee has been transferred to the designated PAK account (see the end of this document for details)
- 5) Proof that the bid deposit has been transferred to the designated PAK account (see the end of this document for details).

**The PAK has forms for certain of the above documents. All the documents are at the end of this document.**

## Step 3

Inside the “**Bid for Tender**” envelope you should also place the third sealed envelope, the “**Bid Price**” envelope.

**Bid Price**  
**PAK (Tender number)**  
**NewCo ABC**



Inside the “**Bid Price**” envelope, you should include a piece of paper which lists the details of your bid price. Bid Price information should appear as follows:

# BID PRICE

ENTER THE BID PRICE YOU INTEND TO PAY FOR  
THE SUBSIDIARY IN FIGURES

Hundreds of Millions	Tens of Millions	Millions	Hundreds of Thousands	Tens of Thousands	Thousands	Hundreds	Tens	Units

## IN WORDS

( \_\_\_\_\_ )

**NOTE 1:** IN THE EVENT OF ANY DISCREPANCY BETWEEN THE FIGURES CONTAINED IN THE TABLE ABOVE AND THE AMOUNT STATED ABOVE IN WORDS, THE LATTER (THE AMOUNT IN WORDS) WILL PREVAIL AND WILL BE READ AND TREATED AS THE OFFERED BID PRICE. IN ANY CASE WHERE THE AMOUNT DESCRIBED BY FIGURES AND WORDS ARE BOTH NOT LEGIBLE, THE BIDDER'S BID WILL BE DISQUALIFIED.

**NOTE 2:** POTENTIAL BIDDERS SHOULD BE AWARE THAT IN ADDITION TO THE BID PRICE THEY ARE OBLIGED TO PAY THE ADDITIONAL AMOUNT OF EURO 1.250,00 BEING THE AMOUNT OF INITIAL CHARTER CAPITAL FOR THE ESTABLISHMENT OF THE SUBSIDIARY FOR WHICH THE AGENCY MUST BE REIMBURSED

## Summary

The sealed "Supplemental Bid Information" envelope contains your "Registered Bidder Certificate", bank letter, letter agreeing to be bound by the Rules of Tender (Annex "C"), bid submission fee payment confirmation and refundable deposit payment confirmation.

The sealed "Bid Price" envelope contains a sheet of paper indicating your bid price.

These 2 envelopes go inside the "Bid for Tender Number XXX" envelope which is then sealed and handed in to the PAK office in Prishtina on the Bid Submission Date between 10:00 and 12:00.

### When are bids accepted?

- Bids are only accepted by hand from 10:00 to 12:00 on the Bid Submission Date, in PAK Head Office in Prishtina. These Bids will be opened at the Youth Centre – Red Hall in Prishtina between 13:00 and 15:00.

### Can I mail in my Bid?

- No. You MUST DELIVER THE BID ENVELOPES BY HAND.

### Must I deliver the Bid personally?

- No, you can use a friend or a courier. They will be issued a receipt.

### Where must I deliver my Bid?

- PAK will accept the bid documents in one location only: The PAK Head Office in Pristina  
No. 8 Ilir Konushevci Street  
Prishtina, Kosovo

### Can you explain each of the Bid Documents a little more?

Yes.

- **Eligibility Registration Certificate** – This is a certificate that affirms that you are an eligible bidder. PAK will issue this certificate when you pre-qualify. See the “Rules of Tender” section 3.

- **Signed Statement** – agreeing to follow bid conditions and rules of tender (Annex C) – see the “Rules of Tender” section 8.3 (a) (i) and the form at the end of this document.

- **Bank Letter** – see the “Rules of Tender” section, 8.3 (a)(iii) and the form at the end of this document.

- **Bid submission fee € 1,000 (one thousand Euro)** – this is a non-refundable amount and must be paid with a bank transfer to the PAK. See bank account details at the end of this document.

- **Refundable Deposit** – this is refundable (you will normally get it back if you do not win the tender) and you must also pay with a bank transfer. Do not pay with cash or a personal check. The amount of the deposit varies for each NEW CO being sold. To find out the amount of the Refundable Deposit for the NEW CO you are interested in buying, contact the PAK Privatization Department. See bank account details at the end of this document.

- **Envelope with bid price (the “Bid Price” envelope)** – Note carefully the “Rules of Tender” section 8.3 (c). – “There must be no other information provided on the outside of this envelope and no information or marks which could identify the Bidder.”

- **Will There Be Assistance Available?**  
Yes. PAK staff will be available to answer questions and provide you with information regarding the bidding process.

## THE FOLLOWING DOCUMENTS MUST BE PUT INSIDE THE “SUPPLEMENTAL BID INFORMATION” ENVELOPE:

BID-ELEGIBILITY REGISTRATION FORM – WILL BE ISSUED  
BY PAK AFTER REGISTRATION

Bidder Registration Certificate				
<b>Details</b>				
<b>Name</b>				
<b>Address</b>				
<b>Telephone</b>				
<b>Email</b>				
<b>Type of Registration</b>	Physical Person	Legal Entity	Partnership	Consortium
<b>Attachments</b>	1			
	2			
	3			
	4			
	5			
	6			
	7			
	8			

• On behalf of the bidder, I hereby declare that the bidder is not prohibited from bidding pursuant to section 3.1 of the Rules of Tender and that all attachments provided are correct.

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

### To be completed by the PAK

We hereby confirm that \_\_\_\_\_ has pre-registered his bid-eligibility documents with the Privatisation Agency of Kosovo. We have temporarily registered the bidder with number \_\_\_\_\_. The PAK will review the documentation provided by the bidder. The bidder can use this bidder registration certificate for participation in all future privatization tenders of the Privatization Agency of Kosovo. If the prospective bidder is to be found in non-compliance with section 3.1 of the Rules of Tender, PAK reserves the right to withdraw the bidder registration at any given time and even after bids have been handed in.

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Stamp**

## ANNEX C BID SUBMISSION FORM

**To:**           **Privatisation Agency of Kosovo**  
                   **Ilir Konushevcı No. 8**  
                   **Pristina**  
                   **Kosovo**

**Dear Sirs,**

Full name of Bidder: \_\_\_\_\_

Bidder Eligibility Registration Number: \_\_\_\_\_

Name of New Co /Subsidiary: \_\_\_\_\_

Tender no: \_\_\_\_\_

The Bidder is bidding for the New Co/Subsidiary referred to above

**Enclosed:**

DOCUMENT	ENCLOSED – YES OR NO?
Copy of the eligibility registration form referred to in Rules of Tender	
Original bank letter from a reputable bank (and not being a bank registered in a country which is on the 'blacklist' of the Financial Action Task Force (FATF)) confirming that the Bidder will have access to sufficient funds during the entire Tender period to pay its full bid price and the Initial Charter Capital. Such bank letter does not state the amount of the Bidder's bid price	
Proof that the bid submission fee has been transferred to the PAK designated account	
Proof that the bid deposit (referred to in the Rules of Tender) has been transferred to the designated account	

### **The Bidder (named above) by submitting this Bid:**

- confirms that it remains eligible to bid under Section 3.1 of the Rules of Tender
- accepts and agrees to be bound by the Rules of Tender
- confirms it has received and read the Information Memorandum for the Newco(s) and the Sale Agreement
- agrees that it was informed that there is a Data Room containing important information which might affect its decision to bid/its bid price, including a document called "Certain Legal and Other Risks"
- agrees that it was given the opportunity to visit the Data Room and either did visit the Data Room or knowingly took the risk not to visit the Data Room
- agrees if it is the winning bidder to enter into the Sale Agreement substantially in the form and content of the model Sale Agreement provided with the Bid Documents

#### **Signature**

**For and on behalf of the Bidder**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## MODEL BANK LETTER

THIS LETTER MUST BE INCLUDED IN A SEPARATE ENVELOPE FROM THE BID PRICE THIS LETTER MUST NOT STATE THE AMOUNT OF THE BIDDER'S BID PRICE

### [TO BE TYPED ON BANK LETTERHEAD]

To: **Privatisation Agency of Kosovo**  
**Ilir Konushevcı No. 8**  
**Pristina**  
**Kosovo**

From: *[insert name of Bank]*

Re: Bid by *[insert name of bidder]* for *[insert name of New Co/Subsidiary]*

We note that *[insert name of bidder]* is a client of our bank. We have discussed *[insert name of bidder]*'s intention to submit a bid to purchase the *[insert name of New Co/Subsidiary]*, pursuant to PAK bid tender number *[insert PAK bid tender number]*. After reviewing *[insert name of bidder]*'s funds deposited in its bank accounts at our bank and his other sources of funds, we believe that he will have access to sufficient funds to pay his bid amount and related costs (including, but not limited to, 1,250 Euro in respect of Initial Charter Capital) during the term of the tender, in accordance with the requirements and deadlines set out in the applicable Rules of Tender. We confirm that we are a bank registered in *[insert country]* and which is not on the 'blacklist' of the Financial Action Task Force (FATF).

Yours sincerely,

Name of Signatory: \_\_\_\_\_

Title of Signatory: \_\_\_\_\_

Name of bank: \_\_\_\_\_

Date: \_\_\_\_\_

## PAK BANK ACCOUNTS:

Bid submission fee of **1,000 € (one thousand Euro)** should be paid to PAK account in the CBK. Account number is:

**1000435010000222**

Bid deposit should be paid to PAK account in CBK. Account number is:

**1000435000000104**

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**Note: Payment of bid submission fee and bid deposit should be as follows:**

- Purpose for: PAK (Wave Number) Privatisation and the Name of New Co,
- From: Bidder name as they are Pre-qualified.

IN "SUPPLEMENTAL BID INFORMATION" ENVELOPE YOU SHOULD PLACE THE ORIGINAL RECEIPT PAYMENT ISSUED FROM THE BANK. THE COPIES ARE NOT ACCEPTED.

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Inside the “**Bid Price**” envelope, you should include a piece of paper, which lists the details of your bid price. Bid Price information should appear as follows:

## ANNEX B

### “BID PRICE THAT PROVISIONAL WINNING BIDDER WILL NEED TO PAY TO THE AGENCY”

Full name of the Eligible Bidder: \_\_\_\_\_  
 Bidder Eligibility Registration Number: \_\_\_\_\_  
 Name of the Subsidiary: New Co \_\_\_\_\_ L.L.C.  
 Tender no: \_\_\_\_\_

#### BID PRICE – ENTER THE BID PRICE YOU INTEND TO PAY FOR THE SUBSIDIARY IN FIGURES

Hundreds of Millions	Tens of Millions	Millions	Hundreds of Thousands	Tens of Thousands	Thousands	Hundreds	Tens	Units

**IN WORDS** [ \_\_\_\_\_ ]

**NOTE 1:** IN THE EVENT OF ANY DISCREPANCY BETWEEN THE FIGURES CONTAINED IN THE TABLE ABOVE AND THE AMOUNT STATED ABOVE IN WORDS, THE LATTER (THE AMOUNT IN WORDS) WILL PREVAIL AND WILL BE READ AND TREATED AS THE OFFERED BID PRICE. IN ANY CASE WHERE THE AMOUNT DESCRIBED BY FIGURES AND WORDS ARE BOTH NOT LEGIBLE, THE BIDDER’S BID WILL BE DISQUALIFIED.

**NOTE 2:** POTENTIAL BIDDERS SHOULD BE AWARE THAT IN ADDITION TO THE BID PRICE THEY ARE OBLIGED TO PAY THE ADDITIONAL AMOUNT OF EURO **1.250,00** BEING THE AMOUNT OF INITIAL CHARTER CAPITAL FOR THE ESTABLISHMENT OF THE SUBSIDIARY FOR WHICH THE AGENCY MUST BE REIMBURSED

\_\_\_\_\_  
 Signature for and on behalf of the Eligible Bidder

This Signature also confirms that the Eligible Bidder understands the Notes above and agrees to be bound by the statements made therein.

Name & Surname: \_\_\_\_\_ Date: \_\_\_\_\_

## QUICK REFERENCE LIST OF AGENCIES AND REGULATIONS

Agency/Regulation	Summary	Date/Number of Law /Regulation	Web link
Privatization Agency of Kosovo	The Privatization Agency of Kosovo has been established to: <ul style="list-style-type: none"> <li>•Privatize the socially-owned enterprises through the spin-off and liquidation methods</li> </ul>	Law No. 03/L-067, on the PAK	<a href="http://www.pak-ks.org">www.pak-ks.org</a> <a href="http://www.assembly-kosova.org">www.assembly-kosova.org</a>
Special Chamber of the Supreme Court	The Special Chamber has been established to adjudicate creditor and ownership claims arising from the privatization process.	UNMIK/REG/2002/13	<a href="http://www.pak-ks.org">www.pak-ks.org</a> <a href="http://www.unmikonline.org">www.unmikonline.org</a>
Land Use	This Regulation converts land use rights held by the socially-owned enterprises undergoing spin-off privatization into 99 year leaseholds which can be freely transferred and used as a guarantee for securing credits.	UNMIK/REG/2003/13	<a href="http://www.pak-ks.org">www.pak-ks.org</a>
Foreign Investment	<ul style="list-style-type: none"> <li>■ Foreign Investments will be governed by the principle of national treatment, meaning that they will be treated no less favorably than similar domestic enterprises;</li> <li>■ Foreign investment will be protected against unreasonable expropriations;</li> <li>■ Income from foreign investment may be freely transferred abroad and otherwise in an unrestricted manner;</li> <li>■ Foreign investors may own real estate in Kosovo and enjoy the same property rights in respect to real estate as Kosovo citizens and legal entities.</li> <li>■ Foreign investors are able to employ foreign nationals.</li> </ul>	Law No. 02/L-33  This Law is applicable together with the UNMIK/REG/2006/28	<a href="http://www.assembly-kosova.org">www.assembly-kosova.org</a>

Tax Administration and Procedures	Tax Administration of Kosovo (TAK) shall be responsible for applying the provisions of the present law and any other legislation applicable in Kosovo that requires it to administer any tax.	Law No. 03/L-071 Amendments and supplements to the Law No. 2004/48 on Tax Administration and Procedures promulgated under the UNMIK Regulation No. 2005/17	<a href="http://www.pak-ks.org">www.pak-ks.org</a> <a href="http://www.assembly-kosova.org">www.assembly-kosova.org</a>
Business Organizations	There are five types of legal entities that can be registered for the conduct of business in Kosovo with simple and quick business registration procedure within 3 days. These are: <ul style="list-style-type: none"> <li>■ Personal Business Enterprise</li> <li>■ General Partnerships</li> <li>■ Limited Partnerships</li> <li>■ Joint-Stock companies</li> <li>■ Limited liability companies</li> </ul>	Law no. 2007/02-L123  This Law is applicable together with the UNMIK/REG/2008/26	<a href="http://www.assembly-kosova.org">www.assembly-kosova.org</a>  <a href="http://www.arbk.org">www.arbk.org</a>
Pledges	The Regulation and establishment of the necessary registration agency will make it possible to use all forms of movable property as security for loans for business or personal purposes. The regulation provides for three kinds of pledge: <ul style="list-style-type: none"> <li>■ Possessory pledge;</li> <li>■ Standard pledge;</li> <li>■ Purchase money pledge.</li> </ul>	UNMIK/REG/2001/5	<a href="http://www.unmikonline.org">www.unmikonline.org</a>
Pledge Filing Office	The Office is responsible for receiving, filing and storing information with respect to pledges of movable property and the provision of pledge search facilities for the public and the maintaining of all related records.	6 November 2001, UNMIK / REG/2001/32	<a href="http://www.unmikonline.org">www.unmikonline.org</a>
Essential Labor Law	This regulation regulates employment in Kosovo, including employment relationships under which work or service is performed.	UNMIK/REG/2001/27	<a href="http://www.unmikonline.org">www.unmikonline.org</a>

<p>Kosovo Board on standards for financial reporting and a regime for financial reporting of business organizations</p>	<p>The Financial Reporting Board (FRB) within the CFA is basing new Kosovo Accounting Standards (KAS), which will be a simplified version of International Accounting Standards (IAS). The threshold requirements to comply with KAS are similar to those of VAT. Businesses that have a turnover exceeding €100,000 are required to prepare four statements (balance sheet, income statement, cash flow statement and changes in equity) and notes with a tax return. Businesses with turnover below €100,000 are required to prepare only a tax return.</p>	<p>29 October 2001, UNMIK/REG/2001/30</p>	<p><a href="http://www.unmikonline.org">www.unmikonline.org</a></p>
<p>Value Added Tax</p>	<p>The value added tax is chargeable at the rate of sixteen percent (16%) on the taxable value of imports, intra inflows and other taxable supplies except for zero-rated supplies.</p>	<p>Law no. 2008/03-L-114 Law on VAT Rate</p> <p>Law no. 2004/48 Law on Tax Administration and Procedures Remark: This law is applicable together with the UNMIK/REG/2005/17</p>	<p><a href="http://www.assembly-kosova.org">www.assembly-kosova.org</a></p> <p><a href="http://www.atk-ks.org">www.atk-ks.org</a></p>
<p>Excise Tax</p>	<p>There is an excise tax of 10-50% of the value of the goods, varying according to product or a fixed amount per specified quantity applying on coffee, soft drinks, beer, wines, ethyl, alcohol, spirits, liquors and other spirit beverages, cigarettes, other tobacco, cars, petrol, diesel for motor engines and kerosene.</p>	<p>Law no. 03-L-112 Excise Tax Rate</p> <p>Law no. 03-L-109 Customs and Excise Code of Kosovo</p>	<p><a href="http://www.assembly-kosova.org">www.assembly-kosova.org</a></p> <p><a href="http://www.dogana-ks.org">www.dogana-ks.org</a></p>
<p>Customs Tax</p>	<p>A general 10% flat rate is imposed on imports and 0% on exports. Exemptions exist for imports of raw materials, a range of capital and intermediary goods, but also for pharmaceutical goods, which are zero rated.</p>	<p>Law no. 03-L-109 Customs and Excise Code of Kosovo</p>	<p><a href="http://www.dogana-ks.org">www.dogana-ks.org</a></p>

<p>Corporate Income Tax</p>	<p>The Corporate Income Tax is 10% tax for businesses with annual turnover of € 50,000 or more. Small businesses who have not exceeded the annual gross income of 50 000 euros may have the option to be taxed either on the real income or the presumptive tax. The profits tax is a tax on bottom line profit rather than turnover. Deductions on profits tax include: business expenses, staff salaries, indirect taxes paid, depreciation, allowance for new investments, goods, electricity.</p>	<p>Law no. 03-L-113 Law on Corporate Income Tax</p>	<p><a href="http://www.unmikonline.org">www.unmikonline.org</a></p>
<p>Liquidation of Enterprises</p>	<p>The present Regulation sets forth the procedures for the reorganization or liquidation of Enterprises and their assets currently under the administrative authority and management of the Kosovo Trust Agency</p>	<p>UNMIK/ REG/2005/48 And UNMIK/ REG /2007/1  On the reorganization and liquidation of enterprises and their assets under the administrative authority of the Kosovo Trust Agency</p>	<p><a href="http://www.unmikonline.org">www.unmikonline.org</a></p>

**Disclaimer:** Please note that this list provides only a general list of some of the key laws and regulations which may affect business operations in Kosovo and should not be considered as an exhaustive list. The information is summarized and, in part, simplified. In particular, it should be noted that legislative changes and changes in interpretation by the authorities and courts can occur frequently. Despite attempting to exercise care in compiling this list, the authors do not warrant the accuracy, completeness or up-to-date character of its contents. Any liability on part of PAK is therefore excluded.



## HOW TO CONTACT THE PAK

**PAK Headquarters**, Prishtinë/Pristina,  
No. 8 Ilir Konushevci Street  
10000 Pristina, Kosovo



+381 (0) 38 500 400 ext. 1287 and 1255

“MARKETING AND INVESTOR RELATIONS UNIT”,

Fax +381 (0) 38 248 076

E-mail: [info@pak-ks.org](mailto:info@pak-ks.org)

**[PAK web-site www.pak-ks.org](http://www.pak-ks.org)**



