

The Tax Administration of Kosovo has informed the Austrian Ministry of Finance as follows (dated 30 September 2021):

“As for Kosovo, (...) the procedures for refund / exemption from withholding tax in Kosovo will be applied according to domestic legislation. To avoid double taxation, Kosovo has entered into Double Taxation Agreements with more than 10 countries around the world. In many cases, depending on the rules of each Agreement, Kosovo may be obliged to provide relief from its source tax, in whole or in part. The procedures for eliminating double taxation are as follows:

Non-residents receiving income from sources in Kosovo

A non-resident receiving income from sources in Kosovo may be subject to withholding tax such as payroll tax, Withholding tax on certain payments for non-residents. The most important types of income of non-residents who are subject to withholding tax in Kosovo are income derived from e. g. persons in entertainment, such as theatre, animation, radio or television artists, or a singer or musician, architect, athlete etc. In addition, certain types of remuneration, such as royalties, interest income, payments to non- business natural persons, for Professional, technical, management, financial Services, payments for Service contracts, payments for performance of actors, musicians, athletes, dependent agents, fall under the withholding tax regime.

To obtain tax exemption under the agreement, there are two different procedures: the source exemption procedure and the refund procedure. The source exemption procedure takes place in cases where the non-resident notifies the paying agent in advance that there is an international tax agreement under which the non-resident is taxed at the place of residence. Whereas, the refund procedure takes place in cases when the paying agent is not notified that there is an international tax agreement in place and applies the withholding tax. The non-resident must then apply for withholding tax refund.

Procedure of exemption at source

The paying agent can apply DTA directly when disbursing payments. Consequently, withholding tax, subject to the relevant Agreement, may be reduced directly at source, in accordance with the provisions of the relevant DTA. The paying agent is obliged to keep the necessary documents to provide evidence that the legal preconditions under the tax agreement have been met.

Refund procedure

The non-resident can apply for a withholding tax refund where it is considered that according to the relevant DTA the right to taxation belongs to the state of residence. Before applying for a refund, he must obtain the fiscal number and through the tax return the refund request will be automatically generated. The non-resident is obliged to keep the necessary documents to provide evidence that the legal preconditions under the tax agreement have been met. Regarding the dividend, we confirm that it is exempt from tax according to local legislation.”