



Republika e Kosovës
Republika Kosova - Republic of Kosovo

Qeveria - Vlada - Government

Ministria e Financave, Punës dhe Transfereve - Ministarstvo Finansija, Rada i Transfera -

Ministry of Finance, Labour and Transfers

Departamenti i Buxhetit - Budget Departament - Budget Department

DATE	26.07.2023
REFERENCE	WV - 159/2023
PËR/ZA/TO:	Mr. Nuhi Mani, Chief Financial Officer, Ministry of Finance, Labour and Transfers
CC	
PËRMES/PREKO/THROUGH:	Mr. Enis Spahiu, Deputy Secretary General, Ministry of Finance, Labour and Transfers
NGA/OD/FROM:	Salvador Elmazi, Director of Budget Department, Ministry of Finance, Labour and Transfers
TEMA/SUBJEKAT/SUBJECT:	The opinion of the Budget Department on the assessment of the budgetary impact of the Draft Law on the Administration of Tax Procedures

Dear Mr. Mani ,

Based on the request for the assessment of the budget impact of the Draft Law on the Administration of Tax Procedures, submitted by the proposer: Ministry of Finance, Labor and Transfers (MFLT), the obligation according to Article 9 of Law No. 03/L-221 on Amendment and Supplement to Law No. 03/L-048 on Public Finance Management and Responsibilities as well as according to Article 18 of Law No. 08/L-193 on Budget Allocations for the Budget of the Republic of Kosovo for 2023. The Budget Department presents the following:

GENERAL ASPECTS OF THE DRAFT LAW

This draft law regulates the procedures for the administration of tax obligations in the Republic of Kosovo that are within the scope of the Tax Administration of Kosovo (hereinafter: TAK), as well as the principles of organization and operation of TAK.

The provisions of this Law are mandatory for all persons subject to the scope of this Law, for TAK and other institutions defined by this Law.

INDEPENDENT OPINION OF THE BUDGET DEPARTMENT ON THE BUDGET IMPACT ASSESSMENT (BIA)

The Ministry of Finance, Labour and Transfers as the proposing body has sent the budget impact assessment of the Draft Law on the Administration of Tax Procedures, and presented it through the budget impact assessment form, according to which it is estimated that this draft law to be implemented has additional budget costs in the amount of 506,990 euros for the years 2024-2025, as well as an increase in the number of staff for 15 positions.

The total cost for the implementation of the draft law for the years 2023-2025 is in the amount of 47,840,704 euros distributed among the years and categories of expenses as follows:

Years	2023	2024	2025	Total 2023-2025
Number of employees	879	879	879	
Wages and Salaries	8,024,226	8,237,721	8,639,682	24,901,629
Goods and Services	3,988,584	3,813,584	3,431,819	11,233,987
Municipal Expenses	361,696	361,696	361,696	1,085,088
Subsidies and transfers	40,000	40,000	40,000	120,000
Capital expenses	4,100,000	3,200,000	3,200,000	10,500,000
Total	16,514,506	15,653,001	15,673,197	47,840,704

According to Law No. 08/L-193 on Budget Appropriations for the Budget of the Republic of Kosovo for the year 2023, the budget allocations for the Tax Administration of Kosovo for the years 2023-2025 are in the amount of 47,333,714 euros spread over the years and the categories of expenses are as follows:

Years	2023	2024	2025	Total 2023-2025
Number of employees	864	864	864	
Wages and Salaries	8,024,226	8,039,226	8,441,187	24,504,639
Goods and Services	3,988,584	3,748,584	3,386,819	11,123,987
Municipal Expenses	361,696	361,696	361,696	1,085,088
Subsidies and Transfers	40,000	40,000	40,000	120,000
Capital Expenses	4,100,000	3,200,000	3,200,000	10,500,000
Total	16,514,506	15,389,506	15,429,702	47,333,714

As can be seen from the tables above, this draft law creates **additional budget costs** over the 2024-2025 budget projections foreseen by Law No. 08/L-193 on Budgetary Appropriations for the Budget of the Republic of Kosovo for the year 2023 and estimates for the years 2024-2025 in the amount of 506,990 euros, for the categories of expenses and years as follows:

Years		2024	2025	Total 2024-2025
Number of employees		15	15	15
Wages and Salaries		198,495	198,495	396,990
Goods and Services		65,000	45,000	110,000
Total		263,495	243,495	506,990

The additional cost of this draft law is mainly related to the establishment of the Appeals Board within the Ministry of Finance, Labour and Transfers (Article 61) for reviewing appeals against decisions issued by the Appeals Unit at TAK and Kosovo Customs (DK), related to tax and customs issues. The board consists of 15 members and that:

- one (1) chairman and
- Fourteen (14) members, who are appointed for a term of four (4) years, with the possibility of extension for a second term.

Conclusion:

The Ministry of Finance, Labor and Transfers - the Budget Department estimates that the Draft Law on the Administration of Tax Procedures creates additional budget costs in the amount of 506,990 euros as well as an increase in the number of workers for 15 positions, means and positions which are not foreseen with Law No. 08/L-193 on budget appropriations for the Budget of the Republic of Kosovo for the year 2023 and the estimates for the years 2024-2025, this additional budget cost is related to the establishment of the Appeals Board that will function within the Ministry of Labor Finance and Transfers.

Otherwise, all budget organizations are obliged to implement paragraph 4, 5 and 7 of Article 18 of Law No. 08/L-193 on budget allocations for the Budget of the Republic of Kosovo for the year 2023, which states:

4. Any new spending initiative, including proposed new legislation, that does not have an appropriation included in the attached tables shall not receive an appropriation unless corresponding cuts in other appropriations of equal value are applied.

5. No draft law can be processed in the Government or the Assembly for approval if there is no identified source of funding for the fiscal year 2023 and subsequent years foreseen in the medium-term projections of budget expenditures 2024-2025 provided for in Article 5, paragraph 1. , and tables within this law.

7. If the Government approves a new initiative that produces budget obligations for one or more budget organizations after the fiscal year 2023, then this budget obligation is automatically treated in the determination of allocations for these Budget Organizations in the process of preparing the budget for the following year.

Prepared by:
Antigona Bekaj, Senior Budget Analyst _____