

GLOBAL HIRING GUIDE

# Kosovo





## GLOBAL HIRING GUIDE

# Table of Contents

---

### 01 Basic Country Facts

### 02 Statutory Labor Requirements

- Probation Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Work Hours
- Overtime
- Notice Period
- Severance
- 13th Month

### 03 Income Tax

### 04 Social Security

### 05 Deductible Expenses

---

### 06 Immigration

### 07 Value Added Tax (VAT)

### 08 Withholding Tax

- Dividends
- Interest
- Royalties
- Fees for technical services

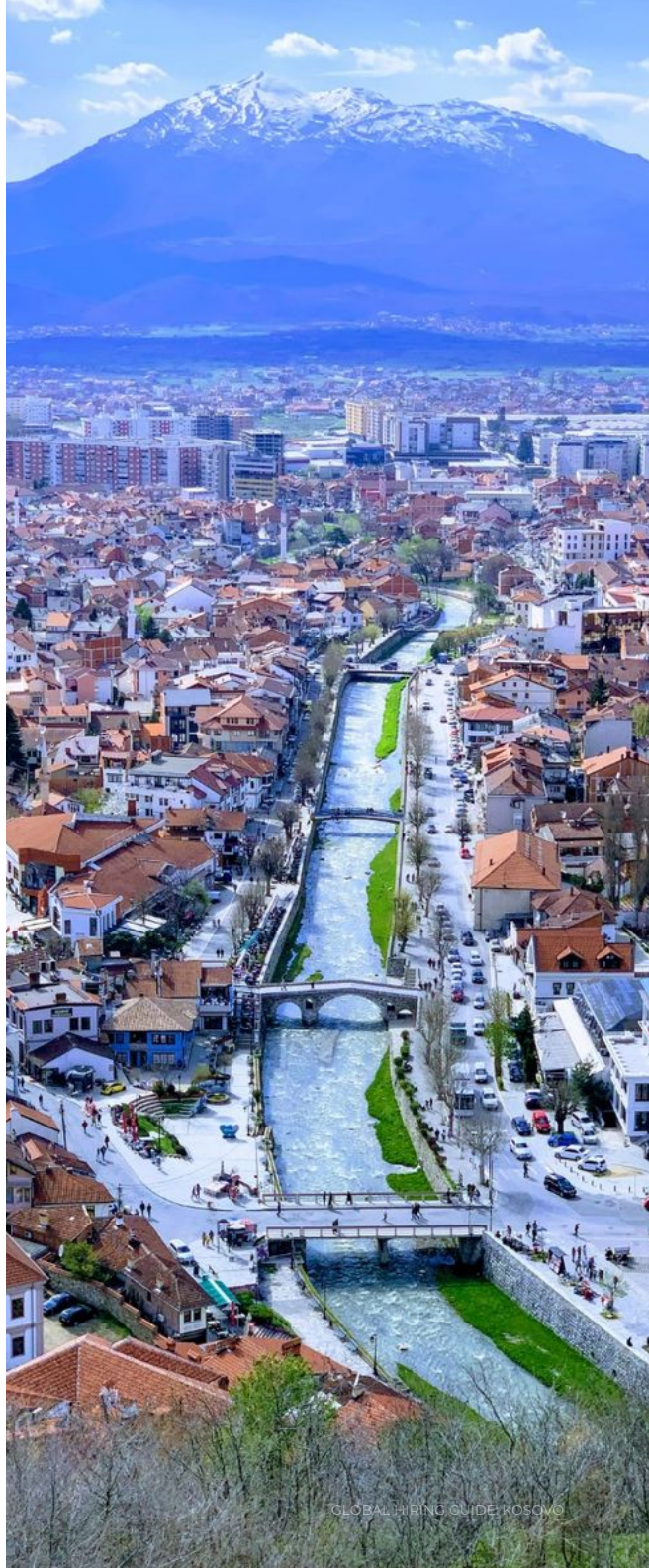
### 09 Termination

### 10 Statutory Benefits

# 01

## BASIC COUNTRY FACTS

- **Full Name**  
Republic of Kosovo
- **Capital**  
Pristina
- **Main Languages**  
Albanian  
Serbian
- **Population**  
1.935 Million
- **Monetary Unit**  
Euro
- **Internet Domain**  
.rs
- **International Dialing Code**  
+383
- **Currency**  
Euro



# 02

## STATUTORY LABOR REQUIREMENTS

### Probation Period

---

- Probation can last no more than 6 months.

### Annual Leave

---

- Employees are entitled to 4 weeks of annual leave

### Public Holidays

---

1. New Year's Day
2. Orthodox Christmas
3. Independence Day
4. Catholic Easter Monday
5. Constitution Day
6. Labor Day
7. Orthodox Easter Day
8. Orthodox Easter Monday
9. Europe Day
10. Eid ul Fitr
11. Eid ul Adha
12. Catholic Christmas

### Maternity Leave

---

- An employed woman is entitled to maternity leave of up to twelve (12) months.

### Paternity Leave

---

- Fathers are entitled to the following paternity leave:
  - 10 days paid leave (at the birth or adoption of child);
  - 2 weeks unpaid leave (after the birth or adoption of child at any time before the child turns 3)

### Sick Leave

---

- An employee is entitled to compensation for sick leave on full pay for up to 20 working days in one year.

### Work Hours

---

- According to Article 20 of the Law on Labor, the statutory working week in Kosovo is 40 hours.

### Overtime

---

- In extraordinary cases, an employer is legally permitted to request that an employee work extended working hours for a maximum of eight hours per week if necessary, for example due to a temporary increase in the volume of work.

## Notice Period

---

- The length of the notice varies depending on the timeline of employment and if the contract was for a fixed or indefinite term
- In cases of definite-term contract, the notice must be given 30 days before, whereas for employees that have indefinite-term contract, the following notice periods are applicable:
  - Between six months and two years of employment, 30 calendar days
  - Between two and 10 years of employment, 45 calendar days
  - Above 10 years of employment, 60 calendar days

## Severance

---

- No severance pay for individual dismissals.
- In case of a collective dismissal, the employer is obliged to make a severance payment to its employees who have an indefinite contract.

- The amount varies and depends on their period of employment with the company:
  - between two (2) and four (4) years of service, one (1) month's salary;
  - between five (5) and nine (9) years of service, two (2) months' salary;
  - between ten (10) and nineteen (19) years of service, three (3) months' salary;
  - between twenty (20) and twenty-nine (29) years of service, six (6) months' salary; and
  - from thirty (30) years of service, seven (7) months' salary.

## 13th Month

---

- It is not mandatory.

# 03

## INCOME TAX

- Taxpayers for personal income tax (PIT) purposes are considered resident and non-resident individuals, personal business enterprises, partnerships, or associations.
- Resident taxpayers are taxed on foreign and Kosovo-source income.
- Non-resident taxpayers are taxed only on their Kosovo-source income.
- Progressive tax rates ranging from 0% to 10% are applied to gross income in the following manner:
  - 0% for salaries up to 960 euros (EUR)/year.
  - 4% for salaries between EUR 960 and EUR 3,000/year.
  - 8% for salaries between EUR 3,000 and EUR 5,400/year.
  - 10% for salaries above EUR 5,400/year.

### INCOME TAX RATE

Income	Tax Rate (%)
Salaries Up To 960 Euros (EUR)/Year	0%
Salaries Between EUR 960 And EUR 3,000/Year	4%
Salaries Between EUR 3,000 And EUR 5,400/Year.	8%
Salaries Above EUR 5,400/Year.	10%

# 04

## SOCIAL SECURITY

- Both employer and employee are subject to compulsory pension contributions in Kosovo.
- The total compulsory contribution is 10%, where 5% represents the employee's share (withheld from gross wages) and 5% the employer's share.
- Employers and employees may contribute additional pension contributions up to 30% (15%+15%).

CONTRIBUTION	EMPLOYER	EMPLOYEE
Social Security Contribution	5%	5%
Pension Contribution	15%	15%

# 05

## DEDUCTIBLE EXPENSES

- There are no standard deductions in Kosovo.
- There are no personal allowances in Kosovo.
- Contributions made by a taxpayer in the form of donations or sponsorship for humanitarian, health, education, religious, scientific, cultural, environmental protection, and sports in accordance with the PIT law are considered as contributions given for public interest and are allowed as a deduction up to a maximum of 10% of taxable income computed before these contributions are deducted.
- An additional 10% deduction may be applicable if prescribed so by other laws pertaining to sponsorships of certain activities.

### DEDUCTIBLE EXPENSES

- Contributions made by a taxpayer in the form of donations or sponsorship for humanitarian, health, education, religious, scientific, cultural, environmental protection, and sports in accordance with the PIT law are considered as contributions given for public interest and are allowed as a deduction up to a maximum of 10% of taxable income computed before these contributions are deducted.
- An additional 10% deduction may be applicable if prescribed so by other laws pertaining to sponsorships of certain activities

## IMMIGRATION

### Immigration

- The government in Kosovo has designated several countries, including the United States, visa-exempt.
- Foreign nationals from these countries are free to travel to Kosovo without a visa and stay there for up to 90 days within a period of 180 days.
- Foreigners from other countries will need to obtain an entry visa from the nearest embassy or consulate of Kosovo.
- The general requirements to get a visa for Kosovo entrance include:
  - A duly completed and signed application form
  - A passport that is valid for at least six months after the applicant's planned date of arrival in Kosovo
  - A passport photo that was taken within the last month
  - Evidence that the applicant has travel medical insurance coverage for their time in Kosovo
  - Proof that the applicant has sufficient financial means to support themselves in Kosovo
  - Evidence that the applicant has accommodations in Kosovo
  - Proof of payment of the visa fee
- To obtain a temporary residence permit, foreign nationals will need to provide proof of insurance and accommodations in Kosovo.
- They'll also need to submit an official police background check from their country of residence.
- The requirements to obtain a Kosovo work permit include:
  - A temporary residence permit or valid visa
  - Details regarding the applicant's professional position and qualifications
  - An employment contract with a business in Kosovo
  - A certificate of business registration for the employer

TYPE OF VISA/PERMIT	DOCUMENTATION	VALIDITY	ELIGIBILITY
<p><b>Tourist Visa</b></p>	<ul style="list-style-type: none"> <li>• A duly completed and signed application form</li> <li>• A passport that is valid for at least six months after the applicant's planned date of arrival in Kosovo</li> <li>• A passport photo that was taken within the last month</li> <li>• Evidence that the applicant has travel medical insurance coverage for their time in Kosovo</li> <li>• Proof that the applicant has sufficient financial means to support themselves in Kosovo</li> <li>• Evidence that the applicant has accommodations in Kosovo</li> <li>• Proof of payment of the visa fee</li> </ul>	<p>90 days</p>	<ul style="list-style-type: none"> <li>• Foreign individuals seeking to visit Kosovo for tourism purposes must obtain a tourist visa</li> </ul>
<p><b>Work Permit</b></p>	<ul style="list-style-type: none"> <li>• A temporary residence permit or valid visa</li> <li>• Details regarding the applicant's professional position and qualifications</li> <li>• An employment contract with a business in Kosovo</li> <li>• A certificate of business registration for the employer</li> </ul>	<p>3 Years</p>	<ul style="list-style-type: none"> <li>• Foreign individuals seeking employment in Kosovo must obtain a work permit</li> </ul>

# 07

## VALUE ADDED TAX

### Value Added Tax

- The VAT law and system in Kosovo is based on the European Union (EU) Directive for VAT
- VAT is levied on:
  - supplies of goods or services with place of supply in Kosovo, and
  - importation of goods
- The standard VAT rate is 18%.
- A reduced rate of 8% applies to certain goods and services

VAT	
Standard VAT Rate	18%
Reduced Rate	8%

# 08

## WITHHOLDING TAX

### Withholding Tax

#### Dividends

- Kosovo does not levy withholding tax on dividends

#### Interest

- Interest payments are subject to a 10% withholding tax

#### Royalties

- Royalties are subject to 10% withholding tax

#### Fees For Technical Services

- Payments made to nonresident individuals or entities for services performed in Kosovo are subject to a 5% withholding tax if the nonresident does not have a PE in Kosovo
- Payments made to resident individuals are subject to a 10% withholding tax

TYPE OF PAYMENT	RESIDENTS		NONRESIDENTS	
	Company	Individual	Company	Individual
Dividends	0%	0%	0%	0%
Interest	10%	10%	10%	10%
Royalties	10%	10%	10%	10%
Fees for technical services	0%	10%	5%	5%



# 09

## TERMINATION

- The employer is entitled to terminate the employment contract of an employee in cases where:
  - such termination is justified for economic, technical or organizational reasons;
  - the employee is no longer able to perform the job; the employee has committed serious cases of misconduct;
  - the employee's performance of work duties is unsatisfactory; the employee is guilty of repeating a minor misconduct or breach of obligations; or
  - the employee's performance remains unsatisfactory in spite of a written warning.
- Upon dismissal, the employee is entitled to receive his/her salary until the last day of work and also be compensated for unused annual leave.
- An employer who wants to terminate an employment relationship must respect the notification period as prescribed by Law.
- In addition, the employer must serve the employee with a written decision for the termination of the employment contract, such decision shall include grounds for the dismissal.

# 10

## STATUTORY BENEFITS

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

### STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Sick Leave
- Notice Period
- Severance Pay
- Social Security Benefits



©2023 Global Expansion. All rights reserved.