

# PROPERTY TAX GUIDE





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This Guide provides general information in effect at the time of its publication. Property Tax Department recommends checking the website regularly for updated information, newly issued technical bulletins or regulations which may supersede the information in this document. You may also visit your Municipal Property Tax Office to get the latest information.

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## Short facts

Property tax is a yearly municipal tax. Income from property tax is used for improving quality of life in your municipality. By paying your property tax you are taking part in the efforts to develop your municipality.

As owner or user of a property you are liable to register the property in the Property Tax Database. This is done at your Municipal Property Tax Office.

By March 31 you will receive your property tax bill for the present fiscal year.. Bring this bill to the bank when you pay, the uniref code on the bill will assure that the payment is registered on you. Always keep the receipt of payment from the bank. After paying in the bank please allow 2-3 days before coming to receive your certificate of payment. To be able to receive the certificate of payment you must state your personal number.

Pay in time to avoid penalty and interest! If you pay after due date an interest of 1% and a penalty of 10% will be applied.

Please observe that any payment first of all covers the tax of the current year. An excess amount will cover the debts from previous years.

If you find something in the bill wrong you have a right to appeal to the Municipal board of Appeals.

When buying a property it is important to observe that any unpaid taxes follow the property and as a new owner you are obliged to pay all property taxes unpaid by the previous owner.



**30  
April**

Last day  
to appeal

**30  
June**

Last day  
to pay first  
installment

**30  
December**

Last day  
to pay  
second installment

# 1. What is Property tax?

Property tax is a yearly, municipal tax. It is imposed on all immovable property below or above the land surface. This includes units within buildings such as apartments and areas for commercial use. Some institutions and organizations are exempted from paying property tax. These are listed on the website [tatimineprone-rks.org](http://tatimineprone-rks.org)

Money collected from Property Tax is together with income from other taxes used for infrastructure development in your municipality such as: roads, schools, ambulances and similar investments aiming to improve quality of life in your municipality. If you want to see how your municipality spends income from Property Tax you can visit the municipal pages on [tatimineprone-rks.org](http://tatimineprone-rks.org)

By paying your property tax you participate in the efforts to improve quality of life in your municipality. You can make a difference!



## 2. Tax Assessment

The tax you have to pay every year, the assessed tax, is determined by multiplying the taxable value with the tax rate.

$$\text{Assessed tax} = \text{taxable value} * \text{tax rate}$$

The **tax rates** are different depending on property category. For more information on property category read section "Appraised Value" at page 13. The tax rate can also vary from one municipality to another. The rates vary between 0.05% and 1%. The municipal assembly establishes the tax rate on an annual basis. To see the applicable tax rates in your municipality visit [tatimineprone-rks.org](http://tatimineprone-rks.org).

The **taxable value** is the appraised value of the property after principal residence deduction if this is applicable. If there is no principal residence deduction, taxable value will be the same as appraised value.

$$\text{Taxable value} = \text{appraised value} - \text{principal residence deduction}$$

The **appraised value** of the property on December 31 of the previous year is the value used as a base for assessing the tax. The appraised value will be determined every three to five years through a survey. It will also be revalued when changes are made on the property.

To make the property tax more fair the exterior quality of the building will be considered through a new survey. This survey is taking place during 2010 and 2011.

The appraised value for property tax is affected by the following:

- Building area in square meters
- Value Category
- Value zone
- Exterior quality of building (after the resurvey has been carried out)

To learn more about how the value is appraised see section "Appraised Value" at page 13.

**Principal residence deduction is a deduction** that reduces the taxable value for natural persons that live in a house they own. If your house is established as your principal residence you are entitled to a deduction of 10 000 euro from the appraised value.

### Example:

#### Assumptions:

Appraised value	30 000 euro
Principal residence?	Yes, the owner lives in his house.
Applicable tax rate:	0,08%

#### Calculation:

Taxable value:	20 000 euro (30 000 – 10 000)
Property tax to pay:	16 euro (20 000 * 0,08%)

## 3. Payment of property tax

### 3.1 When to pay

Property tax is assessed every year. At the latest by March 31 you will receive your property tax bill. The bill shows the total tax assessed for the current year. If you have any debts from previous years this is also shown in the bill.

The assessed tax is divided into two installments, with two different dates of payment.

Payment must be done at the latest by:

- 30 June for the 1<sup>st</sup> installment
- 31 December for the 2<sup>nd</sup> installment



These dates will also be clearly stated in your property tax bill.

If you have **debts from previous years** we advise you to **pay** this amount **as soon as possible** to avoid additional interest.

Please observe that any payment first of all covers the tax of the current year. An excess amount will cover the debts from previous years.

#### Example:

Total tax assessed for this year 24 euro.

Instalment 1 due June 30	12 euro
Instalment 2 due December 31	12 euro
Debts from previous years	34 euro
On June 20 the taxpayer pays	34 euro

The payment will be settled in the following way:

1. Instalment 1 12 euro
2. Instalment 2 12 euro
3. Debts from previous years 10 euro (34-12-12)

After paying 34 euro in June the debts from previous years has been reduced to 24 euro. All tax assessed for this year has been paid. No new debts will occur.

### 3.2 How to pay

You may pay your tax due in any bank licensed by the Kosovo Central Bank. Your bill has a specific uniref code that will assure that they payment is registered on you. Therefore it is important that you bring your bill to the bank when you pay.

We advise you to always keep your receipt of payment.

### 3.3 Certificate of payment

When you have fulfilled your duties of payment you can get your certificate of payment at the Municipal Property Tax Office. To be able to receive the certificate of payment you must state your personal number.

**Please observe** that it will take a few days after your payment in the bank before the payment is registered in the property tax system. Therefore you must allow a few days before coming to the Municipal Property Tax office to get your Certificate of Payment.

### 3.4 Tax Deferrals

Under exceptional circumstances it is possible to defer payment of your property tax. To be able to do this the following must be applicable:

- The deferral applies to a specific tax bill.
- The property concerned is your principal residence.
- Paying the tax would lead to undue hardship for you.
- You can present substantial evidence supporting your undue hardship

During the time of deferral interest will be charged, but not penalties.

The deferred tax and the interest constitute a lien against the property for the benefit of the municipality. Such lien has priority over all other liens filed later.

Forms for deferral is available at your Municipal Property tax office and at the website [tatimineprone-rks.org](http://tatimineprone-rks.org)

### 3.5 Pay in time to avoid Interest and Penalties!

It is advisable to always pay your property tax at latest by due date. A delayed payment will cost you extra money in form of penalty and interest.

#### Penalty

After due date a penalty of 10% is applied.

#### Interest

After due date an interest will be applied on all unpaid taxes. The interest will be calculated on a monthly basis from due date until date of payment. The interest rate is 1%.



**Example:** Installment 1 and 2 is paid on April 10 the year after receiving the tax bill.

#### Assumptions

Total tax assessed for 2010	60 Euro (divided into 2 installments)
Tax due by June 30	30 Euros
Tax due by December 31	30 Euros
Interest rate	1% on debt
Penalty	10 % on debt

The tax payer is late with payment and doesn't pay until 10 April the following year.

Interest and penalty is calculated according to this table:

	Installment 1		Installment 2	
	Penalty 10% on tax due	Interest 1% on tax due	Penalty 10% on tax due	Interest 1% on tax due
July	3.00 €	0.30 €		
August		0.30 €		
September		0.30 €		
October		0.30 €		
November		0.30 €		
December		0.30 €		
January		0.30 €	3.00 €	0.30 €
February		0.30 €		0.30 €
March		0.30 €		0.30 €
<b>TOTAL</b>	<b>3.00 €</b>	<b>2.70 €</b>	<b>3.00 €</b>	<b>0.90 €</b>

The assessed tax is 60 euros, but due to late payment the debt by April is 69.60 Euros. The total extra cost for late payments in this case is 9.60 euro.

If payment is further delayed an interest of 60 cents will be charged for every additional month of delay (1% on the tax due, 60 euro).

## 4. Enforcement

If you don't pay your tax the municipality has the right to use enforcement to collect the property tax. You will get a final notice from your Municipal Property Tax Office. After that the following steps of enforcement may be used:

- Lien on the property
- Seizure on your income and assets and termination of municipal services
- Forfeiture of property

### 4.1. Lien on the property

Unpaid property tax constitutes a Lien on the property for the benefit of the Municipality. If this Lien is registered in the immovable property rights register, it has priority over all liens registered later.

When you pay the whole tax debt the lien will be terminated.

If your property is subject to this type of lien, you have a possibility to appeal if the lien is incorrect. In such an appeal you have the burden to prove that the lien is incorrect. Your appeal shall be submitted to the Municipal Board of Appeal.

### 4.2 Seizure of income and assets and termination of municipal services

If you have not paid your taxes by due date the Municipality may issue a final written notice stating the intention to confiscate private property to cover the debts.

If you don't pay your debt within 10 days after delivery of the final notice the municipal tax collectors has a possibility to:

- Issue a notice of seizure on your employer, tenant etc. In case of an employer it means that the employer must use your salary to pay your tax debts before paying anything to you.
- Issue a notice of seizure on your bank or other party possessing your assets.
- Terminate municipal services to your property.
- Seize and sell your personal property to cover your property tax debts.

In the case of seizing and selling your personal property the following are exempted:

- Child support and social assistance payments
- Essential clothing
- Basic food
- Basic furniture
- Basic personal effects
- Tools of your trade

## 4.3 Forfeiture of Property

If your debt is still not paid two years after the final notice the property may be seized and sold in a public auction.

Property for residential purposes cannot be seized.



## 5. Appeals

If you find something incorrect in your bill you have the possibility to appeal.

You may do this in the following situations:

- when you claim that the assessed value is not the market value
- when there are errors in the database on which the bill is based for example:
  - square meters
  - zone
  - quality of building
- the bill is incorrect in any other way.

From 2011 there are three instances for appealing:

1. Municipal Board for Tax Complaints on Immovable Property, henceforth called the "Municipal Board of Appeals"
2. Complaints review competent body in the Ministry of Finance, henceforth called the Complaints review board of MoF.
3. Supreme Court

**Please observe** that appealing does not relieve you from your obligation of paying your property tax! If the decision after review is in your favour you will get a refund of the excess tax and accrued interest.

### 5.1 Appeal to the Municipal board of appeals

When you receive your bill and see that something is incorrect you may ask for a review by the Municipal Board of Appeals. The must be done at the latest by April 30 (instead of 30 days after receiving bill).



Submit your written request to the Property Tax Office together with all the supporting documentary evidence you wish to present. (For example this can be plans for the building /construction drawings, sales contracts for new properties)

The Municipal board of appeals will notify you of their decisions within 60 days after receiving your letter of appeal. If the decision is in your favour you will receive a refund of tax and accrued interest within 30 days of the decision. The interest on the refund is 1% for each month.

If you disagree with the decision of the Municipal board of appeals you may appeal to the Complaints Review Board of MoF.

Forms for appealing is available at your Municipal Property Tax office and at the website [tatimineprone-rks.org](http://tatimineprone-rks.org)

## 5.2 Appeal to Complaints review board of Ministry of Finance

If you disagree with the decision of the Municipal board of appeals you may appeal to the Complaints Review Board of MoF.

This must be done within 30 days after receiving the decision of the Municipal board.



## 5.3 Appeal to the Supreme Court

If you disagree with the decision of the Municipal board of appeals you may appeal to the Supreme Court.

This must be done within 30 days after the board came to a decision.



The three steps of appealing:

Supreme Court

*If you disagree with the decision of the MoF Competent body you may appeal to the Supreme Court within 30 days from receiving the decision.*

Complaints review board of MoF

*If you disagree with the decision of the Municipal board of Appeals you may appeal to the Complaints Review Board of MoF within 30 days from receiving the decision.*

Municipal board of appeals

*Latest day to appeal to the Municipal board of Appeals is 30 April*

## 6. Appraised value of property

The assessed property tax is based on the appraised value of the property on December 31 the year before the tax is assessed. The value of the property will be appraised every 3-5 years through a Survey. The property must also be revalued if new construction and substantial improvements are carried out or if there is a change in the use of the property..

The appraised value for property tax is affected by the following:

- Building area in square meters
- Value Category
- Value zone
- Exterior quality of building (after the resurvey has taken place)

### 6.1 Building area in square meters

Building area in square meters is determined by measuring the “footprint” of the house on the ground. If the house has more than one floor the number of floors is multiplied with the area that is measured out.

### 6.2 Categories

Based on the primary use all buildings are categorised in two different category systems:

- Property category
- Value category (primary use)

The property category determines which tax rate to apply. Under each Property category there are several value categories.

The value category determines the value per square meter for a property of normal quality in a specific value zone. Different value categories have different square meter values.

The value per square meter is determined by a Municipal Value Commission. To see value per square meter in your municipality visit [tatimineprone-rks.org](http://tatimineprone-rks.org)

Below you can see all the applicable categories. Property categories are shown in bold text . Under each property category you can see the different value categories.

#### **Residential property**

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Residential property is immovable property that serves the essential habitation needs of people. It can be one of the following value categories:

- House
- Apartment

### Commercial property

All property used for business purposes of any kind is considered commercial property. For example property used for trade, retail, service, recreation, artistic and sporting activities. Property used for private medical and educational purposes is also categorized as commercial property. It can be one of the following value categories:

- a) Shop
- b) Office
- c) Hotel
- d) Restaurant
- e) Swimming Pool
- f) Open Sport Field
- g) Closed Sport Field
- h) Sport Field
- i) Swimming Pool and Sport Field

### Industrial property

Industrial property is property used for manufacturing, production, processing or storage of goods and similar facilities. It can be one of the following value categories:

- a) Workshop
- b) Factory
- c) Storage/Warehouse

## 6.3 Value zones

In all municipalities the land has been divided into different value zones. These zones reflect the difference in values that applies for similar buildings depending on the location of the building. Usually the value increases the more close to a city center the building is located.

Under each value zone the value per square meter is determined for each value category.

If you wish to see the zones of your municipality you can visit your Municipal Property Tax Office to see their zone map.

### Agricultural property

All land and buildings used for agricultural purposes are considered agricultural property. It can be one of the following value categories:

- a) Agricultural
- b) Fish Pond

### Inhabited property

Inhabited property is property that is used for human habitation. This means land, garages, parking spaces and similar non-commercial structures. It can be one of the following value categories:

- a) Garage, parking space and other non-commercial structures

### Abandoned immovable property and uninhabited structures

Land and inhabited unsteady buildings that can't be used without making major renovations and changes of materials.

- a) Abandoned

### Unfinished property

A Property that is still under construction, and does not fulfill conditions for normal use. An unfinished property will be valued at 40% of what a 100% complete building of the same type would have.

- a) Unfinished

## 6.4 Quality of building

To make the appraised value reflect the market value better the exterior quality of the building will be considered through a resurvey that will take place during 2010 and 2011. The year after the survey is finished quality of the building will affect the tax.

In the survey all buildings will be placed into one of 5 possible quality standards based on the exterior quality of the building. Each standard has a ratio with which the calculated value will be multiplied to achieve the appraised value. The quality standards and ratios are the following.

Very good	1,1
Good	1
Average	0,8
Under average	0,6
Weak	0,5

The taxable value of a low quality building will be substantially lower than the taxable value of a building of very good quality. This means that the owner of a building of low quality will pay less tax than the owner of a building of very good quality.

**Example:** Three buildings of same size in the same value zone but with different standard of quality.

	Building 1	Building 2	Building 3
Square meters	40	40	40
Value per square meter	250	250	250
Quality	Very good	Average	Weak
Quality ratio	1,1	0,8	0,5
<b>Appraised value</b>	<b>11 000</b>	<b>8 000</b>	<b>5 000</b>

Appraised value is calculated in the following way:

Square meters x Value per square meter x Quality ratio.

$$40 \times 250 \times 1,1 = 11\ 000$$

$$40 \times 250 \times 0,8 = 8\ 000$$

$$40 \times 250 \times 0,5 = 5\ 000$$



## 7. Buying a property?

If you are going to buy a property, you must be aware of your obligations as a property owner.

Please observe that **any debt concerning property tax follows the property**. This means that if the previous owner of the property did not pay the property tax - you as a new owner will be liable for this tax! Therefore it is very important to consider any unpaid property taxes in the sales contract.

### 7.1 Obligations of a property owner

As owner of a property you have certain obligations:

- You must register your property in the Municipal Property Tax Register
- Allow authorised officials to enter land and building to collect data for valuation of the property.
- Report to the Municipal property tax office if you make improvements to the house or changes in the use of the property that can affect the value
- Pay your property tax every year
- Pay interest and penalties if your payment is late

### 7.2 Rights of a property owner

As owner of a property you also have certain rights

- If you think there is something wrong with the tax or the value of the property you have a right to appeal.
- You have a right to request a revaluation of your property if it has suffered damage due to a catastrophe (for example floods, fire, earthquake etc).

## 8. Registration and report of changes in properties

All properties in Kosovo shall be registered in the Property tax database. Taxpayers who don't register their property, or won't allow inspection of the property risk losing their right to appeal the tax bill.

### 8.1 Who has to register a property?

- As owner of a property you are liable to register the property in the property tax database.
- Even if you are not the owner of the property you are liable to register it if you use or occupy the property.

### 8.2 When must a property be registered?

You must register your property as soon as you start building. Until it is completed it will be registered as an unfinished property. When the building is completed you are obligated to report this to your Property Tax office so they can register it in the correct category.

### 8.3 Report of changes in a property

If you extend or make improvements in the building you must register this. Also changes in use of the property must be registered in the Property Tax Database.

### 8.4 How is a property registered and changes reported?

To register the property and to report any changes in the property or use of the property you visit your Municipal Property tax office to inform them about the property or changes. After that surveyors from the Property Tax office will visit your property to collect information about the property.

As owner/user of a property you are obliged to allow authorised officials to enter land and buildings to collect data regarding the value of the property.

All you need to know about Property Tax  
[www.tatimineprone-rks.org](http://www.tatimineprone-rks.org)



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