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DEPARTMENT: FINANCIAL MARKETS AND BANKS

MASTER THESIS

THEME:

**INCOMES FROM TAX AND TAK PERFORMANCE IN THE  
REALIZATION OF INCOMES**

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Pristinë, 2014

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## **INTRODUCTION**

The regular functioning of the state consists of daily activities of the government and other governmental institutions of the municipal administration in the performance of the tasks entrusted to the exercise and performance of state functions. As is well known for the normal functioning of the state system, considerable financial means are needed to spend and fund activities such as: public security system, education system, health system, etc.

From the earliest times to the present day to the modernization of modern states, the need to find financial resources to cover these state expenditures has always been a vital issue, as state spending is increasingly growing as a result of the development of society, and thereby increasing the services of the state towards the citizens, offering different services from health, education, infrastructure, security, etc.

Almost all countries try to develop and create macroeconomic policies by predicting the expenditures they have to make to fund activities, but at the same time have drafted the fiscal strategy and policies from which they will make the budget funding as they can be tax incomes, customs duties, various tax incomes, etc.

The Republic of Kosovo as a new country has applied and developed a contemporary system of macroeconomic and fiscal policies, such as the drafting and provision of modern and advanced legislation in line with international standards, then by mentioning and empowering institutions for the implementation of tax policies and incomes as Kosovo Customs, TAK, which, as independent agencies within the Ministry of Finance of the Republic of Kosovo, apply state policies and are authorized to collect taxes at borders and internal taxes.

TAK, established 14 years ago has succeeded in successfully achieving its capacity building and internal organization work, with the aim of fulfilling its tasks based on the competencies entrusted to the law, such as an independent agency within the Ministry of Finance, is authorized to fully implement tax legislation and realization of fiscal policies of the Government of Kosovo.

Although with a relatively new experience, TAK has managed to consolidate quite well with all the challenges with different challenges. As it is well known, the establishment and consolidation of an independent credible institution, which will be administered with taxes, was an immediate

need, since a new institution should be introduced, which would start work from the beginning to the deployment of the foundations of a proper administration of tax incomes. On the other hand, soon after the establishment of this institution, it would have to start a radical reform of the tax system and reform and modernization of TAK. Since some former member states of the former socialist bloc, which for the time had dominated the state-run and state-based economic system, had now successfully completed the transition phase and were fully integrated into the European Union structures, and some other countries were in the advanced stages of this process, while Kosovo was the last country in the region involved in this process, therefore it should consolidate its tax and fiscal system. Thus, on the one hand, the establishment and establishment of a tax administration, and at the same time modernizing and reforming it in harmony with international standards and international best practices, there will be two serious challenges.

Since the establishment of TAK, this institution faced numerous challenges during the work, as there was no tax culture in Kosovo, there was a need to offset the lack of incomes from taxes that had been realized in the past mainly by large state enterprises that were the source of incomes for the budget, and are not currently in operation due to the change of the system, but also because of the economic downturn. Now the main focus is not on non-state-owned enterprises, but on the expansion of the tax base, such as private enterprises, corporations etc., as well as a small number of public enterprises, which are expected to be a regular contributor to the state budget.

Issues related to TAK reform and the need for approximation and harmonization of tax legislation with those of developed countries are in the TAK agendas. Drafting documents and strategic development plans are in the function of increasing the efficiency and efficiency of the work, which are in the function of increasing the voluntary fulfillment of the tax obligations, and at the same time the increase of the collected incomes. All this should be achieved at as little cost as possible.

## **CONCLUSION**

Sustainable economic development, as is well known, is dependent on adequate macroeconomic policies, which are realized through the establishment of an appropriate fiscal and tax system for the realization of these objectives.

With all the financial problems and crises that have involved the global economy, destabilizing financial stability and jeopardizing the incomes of many countries, Kosovo has continued to consolidate and further strengthen fiscal policies and its tax system without being directly affected from these negative developments. This is evidenced by the current performance of the two tax collection institutions, which so far have managed to realize the planned budget incomes as planned.

Even though there is a positive performance of previous years, TAK still lags behind Kosovo Customs as the sums collected for the state budget. It is necessary to further develop the reforms that began years ago, the taxation and tax administration system, so TAK can have the dominant role in the realization of incomes for the state budget by positioning in the first place, which is currently held by Customs.

Since the establishment of the tax system in Kosovo so far has been achieved to create a tax system in harmony with the tax systems of developed countries, and a tax legislation, which is in conformity with European standards. Therefore, for this purpose, frequent changes have been made in legislation and various adaptations to tax administration that are in the function of achieving international contemporary standards.

Based on the study of the tax system, the way of tax administration from the Tax Administration, and the analysis of tax rates applied in Kosovo and the countries of the region and beyond, it can be concluded that Kosovo has managed to create a simple tax system with only three types of taxes, and with tax rates quite favorable for creating a more attractive environment for the development of business activity.

There are some problems that are challenging the Kosovo economy so much, as is the high presence of tax evasion and the informal economy that are directly endangering the budget by causing a loss of significant annual amounts due to the out-of-court legal action of a number of

businesses. Here, the tax authorities should increase vigilance and add activities that are in function of narrowing the spaces for presenting these phenomena.

TAK management should be careful about the full respect of all issues that are envisaged to be implemented according to the drafted strategic documents, so for any change, consideration should also be given to the consequences that could lead to the complete failure of these strategies.

With all the positive developments that have taken place over the years in the way of administering tax collection, there is still a great deal of work to be done towards establishing a stable tax system, which should be through an effective and efficient Tax Administration, to provide stable and sufficient budget incomes based on the provision of these incomes.