



**Kolegji AAB**

**MASTER THESIS**

**DEVELOPMENTS AND NEEDS FOR RADICAL REFORMS IN TAX  
ADMINISTRATION IN THE REPUBLIC OF KOSOVO**

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## INTRODUCTION

The system of tax policy, after the war was fragile, incomplete and unfulfilled. From the years before and after the war, Kosovo has faced a deformed and vigorous intervention tax based mainly on the anniversary of the other countries and not in the situation and the real needs of Kosovo after the war who had to start from scratch in many sectors. According to this study's aim, the financial education starts with learning about finance and financial environment during the study. Financial and financial education's aim has expanded. It's a larger and bigger purpose and includes financial knowledge, financial expectations and financial satisfaction (Hira & Loibl, 2005).

Financial knowledge is to achieve different skills to take better and effective informed decisions in relation to profits, costs and cash management. This is an essential term that has to do with these processes. Financial knowledge is the ability of the person to understand and apply financial principles (Servon & Kaestner, 2008). Financial education is lifelong learning. Educators must make this very clear to the participants, emphasizing courses that they learn where and how to find information, how and when to find and obtain the opinion of the financial consultants, how can you use the media and the Internet to help us in getting the information and in financial planning.

Tax Administration of Kosovo was established in January 17, 2000 under the direction and administration of UNMIK, since February 2003 powers of leadership were transferred to the Ministry of Economy and Finance, but not even then had opportunities to do a reform. Since January 2005, tax policy starts the first changes or the implementation of new taxes as are corporate income taxes and personal income taxes, and this situation continued until the end of 2008 or in early of 2009.

From January 2009 the implementation of the new law deduction in tax rates started in Kosovo, also lowered the tax rates on interest, rental, game of chance, capital gains, sale of intangible assets, etc. From 20% to 10% meanwhile VAT has an increase from 15% to 16% that actually causes a slight increase in prices, in the country.

Meanwhile in the mid 2012 there was an increase in the rate of 5% to 9% in every quarter but not less than 375 euros per quarter and that was done to businesses that do not pay taxes in real basis which deal with service activities as : services of professional craft activities, entertainment.

Taxes are financial obligation that individual or legal persons are obliged to pay the state. Taxes are a state's obligation in which persons and goods are submitted to it under the definitions of administrative laws of the state. Taxes are the main source of public revenue collection in which the state meets public spending that are under his authority regardless of whether the countries are developed or undeveloped.

## CONCLUSIONS

TAK (Tax Administration of Kosovo) should develop a model for the realization of the regular of one or more of these general types of analysis. Random checks as a method may be preferred because of bottom up approach makes operative arrangements easier, although studies for random checks do not show all the elements of the tax gap. Consequently TAK must think to do an analysis of the tax gap inspired more by statistics. At the end of every control, the tax authorities should prepare a written report on the findings, which are found during the inspection. The structure of the control report should include: name of business / address / telephone; - business registration number NRB; - business owner / address / telephone; - objectives and scope of control; - controlled taxes and tax periods; - changes after the inspection, - the name of the inspectors. Students showed intermediate level of knowledge about the importance of maintaining personal balance. Students can have general knowledge of money management areas but stagnate in specific knowledge. The results help to identify the population of students who will benefit from the teaching programs of money management. Students' sex, social status and age are significant in explaining differences in levels of knowledge. Men know more about insurance and personal loans while women more for the overall financial management. The data helped us around the hypotheses raised in the beginning of the study.

The questionnaire covered issues as risk, business math, tax planning, global investment, stock market, bonds, etc. Participants with scores higher than 70% were defined as knowledgeable or have a good knowledge on personal investments. The results showed that knowledge on personal investments of students were insufficient with an average of 44%. Men performed better than women with chi-squared score from 5:31 to 0.05 importance level. As expected the study researchers for business and other areas within had a higher level of financial knowledge than those who do not study this area. But it should be noted that 70% of participants belonged to the field of business studies. The researchers went further and compared the results of the students of Finances and Accounting with Management and Marketing students. They found that Finance and Accounting students had a higher level of knowledge than the Management and Marketing students in matters of personal investment. They also found that students who had experience in investments in stocks, bonds or other investments, had same level of knowledge with those who were inexperienced but all continued business.