

LAW NO. 07/L -016**ON ECONOMIC RECOVERY - COVID-19**

Assembly of Republic of Kosovo,

Based on the Article 65(1) of the Constitution of Republic of Kosovo,

Adopts

LAW ON ECONOMIC RECOVERY - COVID-19**CHAPTER I
GENERAL PROVISIONS****Article 1
Purpose**

The purpose of this Law is the supplementation and amendment of laws stipulated in the further provisions of this Law in order to facilitate the recovery of the economy of the Republic of Kosovo after the negative effects caused by the COVID-19 pandemic.

**Article 2
Scope of Work**

The provisions of this Law shall be mandatory for all institutions of the Republic of Kosovo which are obliged to implement the measures provided in this Law.

**Article 3
Definitions**

1. Terms used in this Law shall have the following meaning:

1.1. **Pandemic (Covid-19)**- the pandemic declared on March 11 2020 by the World Health Organization as a result of the emergence of the SARS-CoV-2 virus, known as the coronavirus; and

1.2. **Economic Recovery** - measures taken by the institutions of the Republic of Kosovo in order to mitigate the impact of the pandemic on the economy and the lives of the citizens of the Republic of Kosovo, as well as to enable the reallocation of resources and stimulate the growth of economic activity.

2. Other terms used in this Law shall have the same meaning as the definitions given in the Laws, which are supplemented and amended by this Law.

CHAPTER II

LEGAL AMENDMENTS/SUPPLEMENTATIONS FOR ECONOMIC RECOVERY MEASURES

Article 4

Amendment and Supplementation of the Law No. 05/L-057 on the Establishment of the Kosovo Credit Guarantee Fund

1. Article 1, paragraph 2 of Law No.05/L-057 on the Establishment of the Kosovo Credit Guarantee Fund (hereinafter: LEKCGF), the following text shall be added:

Exceptionally, for the establishment of schemes and new products for the purpose of economic recovery according to the provisions of this Law, KCGF only notifies the CBK.

2. Article 3, paragraph 1, after the text in sub-paragraph 1.14 of the LEKCGF, the following text shall be added:

Exceptionally, for the purpose of economic recovery, KCGF is authorized to issue credit guarantees with a coverage percentage of up to eighty percent (80%).

3. Article 3, paragraph 1, after the text in sub-paragraph 1.21 of the LEKCGF, the following text shall be added:

Exceptionally, for the purpose of economic recovery, KCGF issues credit guarantees with the destination of business development for farmers registered regularly in the farmer register maintained by the ministry responsible for agriculture and equipped with a Farm Identification Number (FIN), even in cases when the respective farmer does not have a registered business organization in KBRA.

4. After the Article 5 of LEKCGF, a new article shall be added with ordinal number 5A, with the following text:

Article 5A

Authorizations of KCGF for the economic recovery

1. KCGF in consultation with the Government of Republic of Kosovo prepares and places on the market new products and services or ancillary products and services in order to achieve the goals of economic recovery.

2. The percentage of coverage for credit guarantees issued by KCGF above the limit according to Article 3, paragraph 1.14 of this Law, is determined by the decision of the Board of Directors of KCGF for each new window that is created for the purpose of economic recovery, and may also apply to existing windows and capital managed by the KCGF.

3. All funds transferred from the Government of the Republic of Kosovo to the KCGF for the purposes of economic recovery will be treated as permanent assets of the KCGF.

5. Article 8 of LEKCGF, after paragraph 1 a new paragraph shall be added with the ordinal number 1A, with the following text:

1A. If necessary, to support the economic recovery and maintain the financial stability and sustainability of the KCGF, the Government of the Republic of Kosovo shall, at the request of the KCGF, fully or partially cover the tariffs for KCGF services to financial institutions.

Article 5

Amendment and supplementation of the Law No. 04 /L-101 on Kosovo Pension Funds, supplemented and amended by Law No. 04/L-115, Law No. 04/L-168 and Law No. 05/L-116

1. Article 7 of Law No.04/L-101 on Kosovo Pension Funds, supplemented and amended by Law No.04/L-115, Law No.04/L-168 and Law No.05/L-116 (hereinafter LKPF), at the end of paragraph 2, the following text shall be added:

Exceptionally, for the purpose of economic recovery, participants may withdraw ten percent (10%) of their pension savings in the KPST, in accordance with Article 12A of this Law. Means withdrawn by the participants in accordance with this Article, who have savings up to nine thousand nine hundred and ninety nine Euro (9.999.00 Euro) shall be compensated in the reimbursement form, beginning from year 2023, according to the formula and methodology of reimbursement set by the decision of the Government of the Republic of Kosovo, in consultation with the Kosovo Pension Saving Trust, within six (6) months from the day of entry into force of this Law.

2. After the Article 12 of LKPF, a new Article shall be added with ordinal number 12A, with the following text:

Article 12A

Payment of individual pension savings for economic recovery

1. Participants may withdraw ten percent (10%) of their pension savings from the KPST or the Pension Funds in the event of an economic crisis caused by a pandemic.

2. In order to withdraw funds according to paragraph 1 of this Article, the participants will apply electronically to the KPST within four (4) months from the date of entry into force of this Law. Any application received by the KPST, in electronic form, will be considered as valid and official and KPST shall review the request in accordance with the provisions of this Article. The application procedure is conducted according to the procedures defined according to the legislation in force for the general administrative procedure.

3. The application according to paragraph 2 of this Article is conditional on the consent of the applicant for the processing of his/her data, according to the legislation in force for the protection of personal data.

4. At the request of the KPST, the CBK, the Civil Registration Agency, the Tax Administration of Kosovo, the Kosovo Treasury and other relevant institutions, as well as commercial banks licensed by the CBK share the necessary data of participants, in order to review applications.

5. Financial means from the requests approved by KPST are transferred in the bank accounts of the beneficiaries in the commercial banks licensed by CBK, and the withdrawal of financial means is done only through bank accounts.

6. Payment of approved funds is made based on the number, price and value of units that each applicant has in his/her personal account in KPST on the day of application, including any eventual changes in the price of the unit on the date of payment.

7. Assets withdrawn according to this Article are exempt from personal income tax.

Article 6

Amendment and Supplementation of the Law No.05/L-028 on Personal Income Tax

1. Article 8 of Law No.05/L-028 on Personal Income Tax (hereinafter LPIT), after sub-paragraph 1.27, a new sub-paragraph shall be added with ordinal number 1.28, with the following text:

1.28. The withdrawn funds from KPST or in Pension Funds for economic recovery.

Article 7

Amendment and Supplementation of the Law No.05/L-037 on Value Added Tax

1. Article 26 of Law No.05/L-037 on Value Added Tax (hereinafter LVAT), after sub-paragraph 2.13 a new sub-paragraph shall be added, with ordinal number 2.14, with the following text:

2.14. hotel supplies, restaurants and catering services.

2. Article 28 of the LVAT, after sub-paragraph 1.12 a new sub-paragraph shall be added, with ordinal number 1.13, with the following text:

1.13. insurance and reinsurance transactions in agriculture, for agricultural insurance policies for agricultural crops based on criteria determined by decision of the Minister of Agriculture. In order to implement this Law, the Minister of Finance shall, by a decision, determine the procedures and criteria.

3. In Chapter X "Exemptions on Exportation", in Article 31, paragraph 1 of the Law No.05/L-037 on Value Added Tax, after sub-paragraph 1.5, there shall be added a new sub-paragraph 1.6 with the following text:

1.6. Raw material that is produced by the business activities registered and active in the Republic of Kosovo, regardless of whether it is exported abroad or not, shall be exempt from VAT.

Article 8

Amendment and Supplementation of the Law No. 03/L-048 on Public Financial Management and Accountability, supplemented and amended by Law No. 03/L-221, Law No. 04/L-116, Law No. 04/L-194, Law No. 05/L-063 and Law No. 05/L-007

1. Article 22.A. of Law No.03/L-048 on Public Financial Management and Accountability, Supplemented and Amended by Law No.03/L-221, Law No.04/L-116, with Law No.04/L-194, with Law No.05/L-063 and with Law No.05/L-007 (hereinafter LPFMA), at the end of paragraph 6 the following text shall be added:

Exceptionally, for the purpose of economic recovery, the means of privatization can be used for all categories of expenditures, for the purpose of achieving economic recovery, excluding the category of salaries and allowances.

2. Article 22A of the LPFMA, after paragraph 7.2, the following text shall be added:

However, this exception does not apply for the year 2020 and 2021.

Article 9

Amendment and Supplementation of the Law No.03/L-222 on Tax Administration and Procedures, supplemented and amended by Law No. 04/L-102, Law No. 04/L-115 and Law No. 04/L-223

1. Article 28 of Law No.03/L-222 on Tax Administration and Procedures, supplemented and amended by Law No.04/L-102, by Law No. 04/L-115 and Law No.04/L-223, after paragraph 7, a new paragraph with ordinal number 8 is added, with the following text:

8. Exceptionally from the other provisions of this Article, taxpayers who have unpaid tax obligations that have occurred from 01.01.2020 are released from interest if they pay all basic tax obligations by 31.12.2020, based on the agreement with TAK for the payment of obligations.

Article 10

Amendment and Supplementation of the Law No. 04/L-034 on the Privatization Agency of Kosovo, amended and supplemented by Law No. 04/L-115, Law No. 05/L-080 and Law No. 06/L-023

1. Article 2, paragraph 6 of Law No.04/L-034 on the Privatization Agency of Kosovo, amended and supplemented by the Law No.04/L-115, by the Law No.05/-080 and by the Law No.06/L-023 (hereinafter LPAK), after the text " and will be used for investments that impact directly the long-term economic development of the country" the following text shall be added:

as well as for financing economic recovery.

2. Article 2, paragraph 7 of the LPAK, after the text "and these temporary funds shall be used for investments that impact directly the long-term economic development of the country", the following text shall be added:

as well as for financing economic recovery.

Article 11

Support to the private enterprises

1. All businesses that have been closed or have had difficulties in regular functioning during the pandemic period, but that have been active and registered in the register of Tax Administration of Kosovo, before 29 February 2020, shall be supported financially from the budget of the Republic of Kosovo with monetary funds in order to cover the operational expenses in the amount of two hundred million Euro (200,000,000 Euro).

Article 12

Salaries of the employees in the private sector

1. The salaries of the employees in the private sector for the period October-December 2020, who as a consequence of pandemic COVID-19 have been dismissed or suspended from their job for the period not shorter than three (3) months, after 29 February 2020 until 30 December 2020, shall be paid from the Budget of the Republic of Kosovo.

2. The amount of payment for the employees from paragraph 1 of this Article shall be three hundred Euro (300 Euro) a month.

Article 13

Amendment and Supplementation of the Law No.05/L-092 on amending and supplementing the Law No.04/L-042 on Public Procurement of the Republic of Kosovo, amended and supplemented by the Law No. 04/L-237 and the Law No. 05/L-068

1. A new Article shall be added:

Advantages to the producers of domestic products and services during the pandemic COVID 19

1. During the assessment of the bids, which have been submitted by the producers of domestic products and services, the contracts for supply of work or domestic bidders, that in their bids contain solely domestic products and services, will be given advantage in comparison to the bids of the bidders with foreign products and services, in case the difference between these bids is not higher than ten (10) points.

2. In case the criteria for awarding the contract is the lowest price, then the advantage shall be given to the domestic bidder with domestic products and services, in case the price of the same is not higher than fifteen percent (15%) compared to the bid of the foreign bidder.

Article 14

Amendment and Supplementation of the Law No.03/L-163 on Mines and Minerals, amended and supplemented by the Law No.04/L-158

1. Article 51 of the Law No. 03/L-163 on Mines and Minerals, amended and supplemented by the Law No.04/L-158, after paragraph 3, there shall be added a new paragraph with the ordinal number 4, with the following text:

4. Notwithstanding Article 50 of the Law No. 03/L-163 on Mines and Minerals, amended and supplemented by the Law No.04/L-158, and with the purpose of economic recovery, there shall be exempted from paying the mining royalty from 1 January 2021 till 31 May 2021 all entities that are obliged to pay this royalty.

Article 15

Amendment and Supplementation of the Law No.05/L-084 on Energy Regulator

1. Article 15 of the Law No.05/L-084 on Energy Regulator, paragraph 1, after sub-paragraph 1.1.2, there shall be added a new sub-paragraph with the ordinal number 1.1.2.a., with the following text:

1.1.2.a. Government of the Republic of Kosovo shall, within the Economic Recovery Programme, subsidize the tariffs of Renewable Energy Sources (RES) for all consumers for five (5) months for the period 1 January 2021 till 31 May 2021.

CHAPTER III TRANSITIONAL AND FINAL PROVISIONS

Article 16 Law Validity

1. This Law shall remain into force until 31.12.2021, except the provisions of Article 5, which shall be implemented until 31.12.2028 and Article 7 paragraph 3.

2. After 31.12.2021 all provisions of this Law will be repealed automatically, except those determined in paragraph 1 of this Article.

Article 17 Entry into force

This Law shall enter into force on the day of its publication in the Official Gazette of the Republic of Kosovo.

**Law No.07/L -016
4 December 2020**

**Promulgated by Decree No. DL-171/2020 dated 05.12.2020 acting President of the
Republic of Kosovo Vjosa Osmani-Sadriu**