



Republika e Kosovës
Republika Kosova - Republic of Kosovo

ZYRA E RREGULATORIT PËR ENERGJI
REGULATORNI URED ZA ENERGIJU
ENERGY REGULATORY OFFICE



ERO/Rule No.01/2020

RULE ON TAXES

Pristina, 6 April 2020

The Board of Energy Regulatory Office, pursuant to authority given under Article 9 paragraph 1 subparagraph 1.7, Article 24, paragraph 7, Article 26 and Article 58, paragraph 2 of Law on Energy Regulator No. 05/L-084, in its session held on 06 April 2020 approved the following:

RULE ON TAXES

CHAPTER I GENERAL PROVISIONS

Article 1 Purpose

The purpose of this Rule is to define types and amount of taxes set out under Articles 23 and 24 of Law on Energy Regulator, in order to collect revenues for Energy Regulatory Office (hereinafter: the Regulator).

Article 2 Scope

This Rule defines the procedures and deadlines to pay taxes and the consequences for failing to pay them.

Article 3 Definitions

1. The terms used in this Rule shall have the following meaning:

1.1 “Initial licensing tax” – means the payment of initial tax which is non-refundable and shall be paid by the applicant upon submission of licensing application (see Appendix 1 of this Rule).

1.2 “Annual licensing tax” – means the payment of annual tax which shall be paid on annual basis by some licensees (see Appendix 1 of this Rule).

1.3 “Tax on review and modification of applications for authorization” – means the payment of tax for review of application, which is non-refundable and shall be paid by the applicant upon submission of application for authorization (see Appendix 2 of this Rule).

1.4 Review of applications- means the modification, amendment, extension etc. of the license or authorizations, as the case may be (see Appendixes 1 and 2 of this Rule).

1.5 Energy Regulatory Office- (hereinafter: the Regulator)- is an independent agency in the energy sector, established by Law on Energy Regulator.

1.6 The Board- the Board of Energy Regulatory Office, as stipulated in Chapter II of Law on Energy Regulator.

The terms used in this Rule shall have the same meaning as those used in Law on Energy, Law on Energy Regulator, Law on Electricity, Law on Thermal Energy, Law on Natural Gas and other applicable legislation.

Article 4 **Types of taxes**

1. Pursuant to Article 23 of Law on Energy Regulator, the Regulator is authorized to collect taxes as follows:

1.1 Initial licensing tax;

1.2 Tax on modification and amendment of licenses and other applications for licenses;

1.3 Annual licensing tax;

1.4 Taxes on issuance of Certificates of Origin;

1.5 Tax on resolution of administrative disputes, provided that no such tax is charged on the processes for resolution of disputes which include household customers, as well as provided that all taxes that are charged to other parties do not exceed the factual and direct cost of Energy Regulatory Office on administration of the process of dispute resolution between these parties.

1.6 Tax on review of applications; and

1.7 Tax on review of licensing and authorization applications.

Article 5 **General principles in relation to calculation of taxes**

1. With the exception of annual licensing tax, the taxes set according to this Rule, shall be calculated in accordance with administrative expenses incurred reasonably during the conduct of actions to which these taxes refer.

2. Annual taxes shall be set out in a manner as to enable financial self-sustainability and cost effective and efficient action of Energy Regulatory Office in order to achieve adequate objectives with regulatory authorities operating in similar circumstances, and in no case shall they exceed the amount of 2% (two percent) of gross circulation of energy companies which are required to pay such taxes.

Article 6 **The amount of tax**

The correct amount of taxes is set in Appendix 1 and Appendix 2 of this Rule.

CHAPTER II CATEGORIES OF TAXES

Article 7

Initial licensing tax

1. The Initial licensing tax is the tax set out for issuance of the license, including the expenses on preparation of the license in order to carry out activities in energy sector.
2. Initial licensing tax includes the fixed amount of tax, as in Appendix 1 of this Rule.

Article 8

Tax on modification of licenses

1. The tax on modification and amendment of licenses is the tax that includes the expenses on modification and amendment of the license for carrying out energy activities.
2. The tax on modification and amendment of licenses includes the fixed amount of tax, as in Appendix 1 of this Rule.

Article 9

Annual licensing tax

1. The annual licensing tax is the tax set out for the conduct of activities in energy sector.
2. The calculation of annual licensing tax, presented in Appendix 1 of this Rule, takes into account the conditions of energy sector in Kosovo and is based on criteria of applicability and simplicity, as well as aims to avoid any financial overload risk for costumers.
3. The annual licensing tax shall be imposed to producers of energy from fossil sources and renewable sources, as well as energy importers and shall be calculated on the basis of net energy inclusion into the network.
4. The Regulator shall calculate the annual licensing tax on the basis of assessment of energy flows during the current year. At the beginning of the following year, the Regulator shall recalculate the proper annual tax based on current energy flows, as foreseen under the criteria of Metering Code. Clarification/adjustment of any difference between the prepaid and real amount shall take place during the payment of annual licensing tax for the upcoming year.

Article 10

Tax on issuance of Certificate of Origin

1. The tax on issuance of Certificates of Origin includes the expenses for preparation of this certificate.
2. The tax on issuance of Certificates of Origin includes the fixed amount of the tax, as in Appendix 1 of this Rule.

Article 11

Tax on resolution of administrative disputes

1. The tax on resolution of administrative disputes is a tax for review of disputes, by the Regulator, in accordance with Rule on Resolution of Complaints and Disputes in Energy Sector.
2. The tax on resolution of administrative disputes includes the fixed amount of the tax, as in Appendix 1 of this Rule.
3. Household customers are excluded completely from the payment of tax liabilities for resolution of administrative disputes.

Article 12

Tax on review and transfer of applications

1. This tax includes the expenses for review (extension) and transfer of applications for carrying out energy activities.
2. The tax for review (extension) and transfer of applications includes the fixed amount of the tax, as in Appendix 1 and Appendix 2 of this Rule.

Article 13

Tax on review of applications for authorization and licensing

1. This tax includes the expenses for review and modification of applications for carrying out energy activities;
2. The tax for review and modification of applications for authorization and licensing includes the fixed amount of the tax, as in Appendix 1 and Appendix 2 of this Rule.

CHAPTER III ADMINISTRATIVE PROCEDURE

Article 12

Procedure for collection of taxes

1. The tax on review of applications shall be paid after the submission of application, no later than thirty (30) calendar days following the issuance of tax payment receipt by the Regulator.
2. The tax on review, modification/amendment or extension and transfer of applications for licensing and review, modification/amendment of applications for authorizations, as well the tax on issuance of Certificates of Origin shall be paid no later than thirty (30) calendar days upon receiving the receipt issued by the Regulator.
3. The annual licensing tax shall be paid no later than thirty (30) calendar days upon receiving the receipt issued by the Regulator. The Regulator may also allow these taxes to be paid through monthly installment payments.
4. The tax on resolution of administrative disputes shall be paid upon the submission of the complaint/request to the Regulator.

Article 13

Methods of payment

1. All taxes shall be paid to and deposited on the Regulator's official bank account, in accordance with Law on Public Financial Management and Accountability.
2. For every deposited payment, the deposit receipt shall be submitted to the Regulator.

Article 14

Consequences for failing to pay

1. In case the proper taxes fail to be paid according to conditions of this Rule, the Regulator shall inform the debtor in writing, ensuring him/her one more deadline of at least ten (10) calendar days and no longer than thirty (30) calendar days. In case he/she fails to effect the payment before this deadline expires, the Regulator may reject to review the applications and complaints/requests for resolution of disputes.
2. In case of non-payment of annual tax, the Regulator shall undertake all legal measures set out under Law on Energy Regulator. The licensee shall be notified in writing on the measures to be undertaken by the Regulator.

Article 15

Complaints to the Regulator

1. Tax debtor, upon receipt of notice on the respective tax, is entitled to complain to the Regulator, within a period of fifteen (15) calendar days.
2. The Regulator is obliged to register this complaint and decide about it, within a period of fifteen (15) calendar days.
3. The submission of a complaint does not suspend the liabilities to pay the tax, except if allowed differently by the Regulator.

CHAPTER IV TRANSITIONAL AND FINAL PROVISIONS

Article 16 Interpretation

In the event of any uncertainties regarding the provisions of this Rule, the Board shall issue explanatory information.

Article 17 Amendment

1. The Regulator retains the right to amend or modify any provision of this Rule.
2. Procedures for amendment or modification of this Rule shall be the same as for its approval.

Article 18 Repeal

Upon the entry into force of this Rule, the Rule on Taxes with number ERO / No. 01/2017, dated on 01 April 2017, issued in accordance with the Law on Energy Regulator (Law No. 05 / L-084) is repealed as well as any other document before this date that is in conflict with the above provisions.

Article 19 Entry into force

This rule enters into force on 06 April 2020 and will be published on Regulator's official website.

Board of Energy Regulatory Office:

Arsim Janova, Acting Chairman

Besim Sejfiqaj, Member

Selman Hoti, Member

Izet Rushiti, Member

APPENDIX 1: TABLE ON CATEGORIES OF TAXES FOR LICENSING

| CATEGORIES OF TAXES FOR LICENSING | Taxes in EUROS |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------|
| A. INITIAL LICENSING TAX FOR: | |
| A1. ELECTRICITY GENERATION (fossil sources, renewable sources, cogeneration of electricity and thermal energy) | 1,000.⁰⁰ € |
| A2. TRANSMISSION SYSTEM OPERATOR | 1,000.⁰⁰ € |
| A3. MARKET OPERATOR | 1,000.⁰⁰ € |
| A4. DISTRIBUTION SYSTEM OPERATOR | 1,000.⁰⁰ € |
| A5. ELECTRICITY WHOLESALE SUPPLY (TRADE) | 1,000.⁰⁰ € |
| A6. RETAIL ELECTRICITY SUPPLY | 2,000.⁰⁰ € |
| A.7 REVIEW-MODIFICATION/AMENDMENT OR EXTENSION AND TRANSFER IN RELATION TO A1 - A6 | 500.⁰⁰ € |
| B. ANNUAL LICENSING TAX FOR: | |
| B1. ELECTRICITY GENERATION & IMPORT | € 0.20/MWh |
| B2. ELECTRICITY GENERATION FROM RENEWABLE ENERGY SOURCES AND COGENERATION | € 0.10/MWh |
| C. TAX ON ISSUANCE OF CERTIFICATE OF ORIGIN | € 0.00/MWh |
| D. TAX ON DISPUTE RESOLUTION | 0,00.⁰⁰ € |

APPENDIX 2: TABLE ON CATEGORIES OF TAXES FOR AUTHORIZATIONS

| CATEGORIES OF TAXES FOR AUTHORIZATION | Taxes in EUROS |
|---------------------------------------------------------------|--------------------------------|
| A. TAX ON REVIEW OF APPLICATIONS FOR AUTHORIZATION | |
| A.1 AUTHORIZATION FOR CONSTRUCTION OF A NEW CAPACITY | 1000.⁰⁰ € |
| A.2 REVIEW/AMENDMENT AND MODIFICATION OF AUTHORIZATION | 500.⁰⁰ € |
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