



Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria
Vlada-Government
Ministria e Zhvillimit Ekonomik
Ministarstvo Ekonomskog Razvoja-Ministry of Economic Development

ADMINISTRATIVE INSTRUCTION
NO. 01/2011 ON RULES AND PROCEDURES FOR THE COLLECTION OF MINING ROYALTIES

**REPUBLIC OF KOSOVO
GOVERNMENT
MINISTRY OF EKONOMIC DEVELOPMENT**

Pursuant to Article 93 (4) of the Constitution of Republic of Kosovo, Article 4 (3) of the Government of Kosovo Rules of Procedure, Article 8, paragraph 1.4 of Regulation No. 02/2011 on the Areas of Administrative Responsibility of the Office of Prime Minister and Ministries, with the purpose of implementing Article 50 of Law No. 03/L-163 on Mines and Minerals,

The Minister of Economic Development,

Hereby issues the following:

**ADMINISTRATIVE INSTRUCTION
NO. 01/2011 ON RULES AND PROCEDURES FOR THE COLLECTION OF MINING ROYALTIES**

**Article 1
Purpose and Scope**

1. The purpose of this Administrative Instruction is to delineate rules and procedures for the collection of mining rent by the Independent Commission on Mines and Minerals for the Budget of Republic of Kosovo, pursuant to Article of Law No. 03/L-163 on Mines and Minerals.

2. This Administrative Instruction is applied to all persons that utilize mineral sources in the Republic of Kosovo.

**Article 2
Definitions**

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

1.1 **Ministry** - means the Ministry responsible for the mining sector in the Republic of Kosovo;

1.2 **ICMM** – means the Independent Commission for Mines and Minerals;

1.3 **Mining royalty** – means the amount to be paid to the state (the Budget of Republic of Kosovo) as a compensation for the utilization of its non-renewable resources;

1.4 **S** – means the quantity of minerals utilized;

1.5 **Ç** – means the fixed price, in accordance with the Mining Royalty List;

1.6 **R_m** – means the payable mining royalty;

1.7 **T_{sl}** – means the total of quantity removed from the mine;

1.8 **(%)M_c** – means the percentage (%) of the said mineral;

1.9 **Ç_{tb}** – means the purchase price in the global market;

1.10 **(%)L_{Rm}** – means the percentage determined in the Mining Royalty List.

Article 3 Mining Royalty List

1. Mining royalties are paid in accordance with the mining royalty list, adopted by the Assembly of Kosovo in accordance with Law No. 03/L-163 on Mines and Minerals.
2. Metallic and non-metallic minerals process in country enjoy the following royalty discounts:
 - 2.1 Concentrates – 10% of the mining royalty value;
 - 2.2 Products gained following metallurgic processing – 20% from the Mining Royalty value.
3. ICMM is responsible for the evaluation and collection of Mining Royalties, in accordance with the adopted list.

Article 4 Payment of Mining Royalties

Mining royalties are paid for mining activities conducted in accordance with Law No. 03/L-163 on Mines and Minerals.

Article 5 Mining Royalty Payment Criteria

1. Identification of mining royalties should be conducted while taking into account the following criteria:
 - 1.1 Activities regarding mineral utilization, in accordance with the provisions of Law No. 03/L-163 on Mines and Mineral;
 - 1.2 Utilization period, in accordance with the provisions of Law No. 03/L-163 on Mines and Minerals;
 - 1.3 Types of minerals utilized, in accordance with the groups determined in the Mining Royalty Mineral List;
 - 1.4 Calculation of mining royalty payments is performed in accordance with the Mining Royalty Mineral List, adopted by the Assembly of Republic of Kosovo. Until the date of entry into force of the Mining Royalty List adopted by the Assembly, the prior legally promulgated list shall be applied.

Article 6 Determination of Quantity and Content

1. Mining Royalty payments shall be based on official reports of Mining Operators, as per Article 34, paragraphs 4.2.1, 4.2.2 and 4.2.3 of Law No. 03/L-163 on Mines and Minerals, while ICMM retains the right to verify all such reports on the amount of utilized minerals.
2. The amount of utilized minerals shall be calculated on m³ (cubic meter) basis, in accordance with the Mining Royalty Mineral List, and includes the quantity of the mineral in its natural on-sight state (data obtained from the utilization project).
3. The quantity of utilized minerals shall be calculated in t (tons), in accordance with the Mining Royalty Mineral List, and includes the quantity of minerals that leave the mine.

4. In cases when the mining company concludes its utilization activities in a mine, or when it seizes its activities, it is obliged to present a report and physically and financially balance its sheets with ICMM.
5. Companies that utilize metallic, industrial and energy-related minerals are obliged to delineate in their reports the content and percentage of useful or chemical components or thermal values, depending on the type of mineral group, and its relation with the period of utilization.
6. ICMM may verify the quantities utilized and laboratory analysis conducted, or may request from the company to conduct its analyses in neutral laboratories.
7. Allowed differences in results of corrective analysis are +/- 5% of mineral contents.
8. If the difference is greater, then the correct analysis to be used by the ICMM for its calculation purposes shall be the analysis conducted by the neutral laboratory determined by ICMM.
9. Discontent parties may file an appeal in the competent court.

Article 7 Reporting

1. Mining royalty payments shall be made within 30 days from each reporting period, in accordance with Law No. 03/L-163 on Mines and Minerals.
2. Licensed operators shall provide within thirty (30) days from the end of each calendar quarter a report on utilization (m³/t) of mines extracted from their source during the quarter, and including the data set forth in Article 34.4 of Law No. 03/L-163 on Mines and Minerals, a statement of the mining royalty fee charged accordingly for the quarter, the written evidence that such mining royalty fees have been paid at the reported manner and amount.
3. Company owners are obliged to maintain specific financial ledgers and notes on payments and quantity utilized, separately from the ledgers maintained for the purposes of the Republic of Kosovo Tax Administration.
4. Standard reporting forms for specific sources shall be prepared by ICMM, which shall include all necessary reporting details.
5. In the event of adding or removing a component (mineral, metal, from the usable mineral list, ICMM shall adjust its form to the new circumstances.

Article 8 Evaluation of Mining Royalties

1. In the event that ICMM doubts on the correctness of reporting-payments, or in the event that the company has failed to report, or to present the data envisaged in the Law No. 03/L-163 on Mines and Minerals, it shall compile mining royalty evaluation decision, on the basis of the following information:
 - 1.1 Mining reports;
 - 1.2 Inspectorate assessments;
 - 1.3 Reports from independent geodesists;
 - 1.4 Reports from ICMM geodesists;
 - 1.5 Reports from the calculations deriving from aerial screening;

1.6 Company plans submitted to ICMM;

1.7 Other reports found necessary by ICMM.

Article 9 Mining Royalty Calculations

1. Mining royalty calculation is conducted in accordance with the Mining Royalty List adopted by the Assembly of Republic of Kosovo, whereas, in the event when sale prices are required for the purposes of mining royalty calculations, in absence of factual information of the selling price, the mining royalty calculation shall be conducted pursuant to the data obtained by the London Metal Exchange, in the currency applicable in the Republic of Kosovo.

2. For construction and non-metallic minerals and for minerals that are subject to fixed mining royalties, the calculation shall be conducted according with the formula $R_m = S \times \text{€}$ (quantity of minerals utilized x fixed price according to the Mining Royalty List = payable mining royalty).

3. The price list is determined in reference to average monthly cash prices, as published by the London Metal Exchange, and is calculated taking into consideration the average prices of the respective calendar quarter.

4. In the event that LME does not determine any selling prices, minerals will be allocated a fixed mining royalty and the calculation of the mining royalty shall be conducted in accordance with the list adopted by the Assembly of Republic of Kosovo.

5. Metallic minerals and other minerals for which the mining royalty is determined in percentage, the calculation shall be conducted according to the formula $R_m = T_{sl} \times (\%)M_c \times \text{€}_{tb} \times (\%)L_{Rm}$ (total quantity removed from the mine x percentage of said mineral x selling price in global markets x percentage determined in the mining royalty = payable mining royalty).

6. Mining royalty calculations are specific and not related to other taxes. No expenditure or technological losses will be taken into consideration in the determination of the mining royalty.

Article 10 Declaration and Payment of Mining Royalties

1. Companies are obliged to report on the volume of minerals extracted during the quarter, to declare and pay mining royalties for the reported company, in accordance with this Administrative Instruction, within 30 days from the end of the calendar quarter. (e.g. for October-November-December of the current year, the deadline is 30.01 of the following year). In the event that the last day of the deadline is a non-working day or an official holiday, the deadline shall be deemed to expire on the following working day.

2. Declaration shall be considered an assessment conducted by the company itself.

3. At the end of each year, a balancing between the utilized quantities and mining royalty payments shall be conducted. All differences shall be balanced during the first quarter of the following year.

Article 11 Procedures in the event of non-payment of Mining Royalties

1. In the event that the license bearer fails to pay the mining royalty within the set deadline, ICMM shall issue a "Default Notice", in accordance with the provisions of Law No. 03/L-163 on Mines and Minerals and shall take all measures envisaged by the said law.

2. ICMM may issue written orders to forbid a license bearer from selling or exchanging minerals or other products, until all mining royalties are paid, or until an acceptable agreement on payment of mining royalties is reached with ICMM.

Article 12
Appeals

Appeals procedures and their review shall be regulated according to the article 84 of the Law no.03/L-163 on Mines and Minerals.

Article 13
Metalic mineral waste

1. The mining royalty for metallic mineral sterile deposits and remains shall be calculated in the event of their later utilization.
2. ICMM shall establish a professional commission for the evaluation of remains – sterile deposits.

Article 14
Entry into force

This Administrative Instruction shall enter into force on the day of its signature by the Minister of the Ministry of Economic Development and its publication in the Official Gazette of the Republic of Kosovo.

Besim Beqaj

Minister of Economic Development

14.07.2011