



VOKSHI & LATA  
LAW FIRM

# **BUSINESS STRUCTURES**

## **LEGAL GUIDE TO INVESTING IN KOSOVO**

### 3. BUSINESS STRUCTURES

With a “starting a business score” of 95.9/100, the World Bank ranked Kosovo 12 over 190 countries in regard to its procedures, time, cost and paid-in minimum capital requirement necessary to open a business in Kosovo<sup>1</sup>. Foreign companies can conduct business in Kosovo without any specific restriction: the opening process is the same for local or foreign businesses and the same laws apply for both. In accordance with the stipulated requirements applicable to domestic businesses, foreign companies seeking to engage in economic activities within the territory of Kosovo are mandated to initiate the process of business registration in the Kosovo Business Registration Agency (hereinafter “KBRA”), as a preliminary step.

Starting a business in Kosovo is a straightforward and fast process. The registration process with the KBRA takes an average of three (3) working days. The physical presence of the owner or the director of the company is not mandatory.

Application for registration can be done physically in one of the 29 municipal centres of KBRA, depending on the location of the activity. It can also be done online via the Business Registration platform of KBRA.

It is important to note that, pursuant to recent legal amendments, there is a mandatory obligation to document and submit the records of the ultimate beneficial owner (hereinafter “UBO”) when establishing the company before KBRA. The KBRA must be provided with the required details by the authorized person at the time of the initial registration. Furthermore, the obliged entity shall notify the Agency for the Registration of Beneficial Owners (ARKB) of any change in the details of an authorized person within fifteen (15) working days from the occurrence of such changes. Failure to report may result in the imposition of administrative fines and other sanctions as provided by applicable legislation.

After registering the company and obtaining the Business Certificate, the first general steps are opening a bank account (which does not require the presence of the owner), designing a company seal, and obtaining a VAT certificate (if the company voluntarily registers for VAT at the time of establishment).

Investors can carry out business through structures with or without separate legal personality from their founders. However, business organisations with legal personality, such as Limited Liability Companies (3.1) or Joint Stock Companies (3.2), are generally preferred over those without (3.3), in order to ensure investor protection. There are also specific business organisations (3.4) available to foreign companies.



<sup>1</sup> <https://www.doingbusiness.org/content/dam/doingBusiness/country/k/kosovo/KSV.pdf>

### **3.1 LIMITED LIABILITIES COMPANY (LLC - SH.P.K.):**

LLC is the most common business type in Kosovo, especially for foreign investors, as it involves less administrative burden compared to other structures like JSC while providing limited liability protection to its shareholders. LLCs require less paperwork, fewer formalities, and fewer ongoing compliance requirements. Shareholders of LLC can be individuals, corporations, or other entities and they can choose how they want to manage the business. LLCs are subject to mandatory registration with KBRA.

To register an LLC in Kosovo, a set of essential documents must be prepared, including the registration form obtained from KBRA, the company charter, shareholder agreement, copies of identification documents (such as IDs and passport copies) for the owners and authorized individuals involved in the business, and the consent of the registered agent. The registered agent must be a resident of Kosovo.

An LLC is established by one or more founders, is separate and distinct from its shareholders, and therefore has its own legal personality. The LLC is liable for all of its debts and other obligations with all of its assets while shareholders are not liable for any debts or obligations of the LLC solely by reason of being shareholders.

#### **3.1.1 Shareholding**

An LLC may have one or more shareholders. Shareholders can be natural or legal persons and/or business organisations. NGOs cannot be shareholders. A share may be owned by more than one shareholder. Co-owners are jointly and severally liable for all obligations in relation to their shares but exercise their rights in the LLC through a single joint representative.

There is no minimum share capital requirement for an LLC. Payment for shares may be made through money transfer, tangible or intangible assets, or labour and services already rendered. The valuation of non-monetary contributions should align with the LLC Charter. In cases where the charter does not specify a valuation method, it should be determined unanimously by the shareholders.

Shareholders must pay the LLC in due time, as specified in the Charter or other agreements between shareholders. The LLC's Memorandum of Incorporation may establish penalties or sanctions in case of failure of shareholders to pay.

Dividends may be paid to the shareholders from net profit or from retained profit from previous years from which losses from previous years have been deducted, on the basis of the approved annual financial report. Dividends may be distributed to shareholders at any time with the unanimous consent of shareholders, unless the LLC Charter sets a voting method requiring a smaller majority. Distribution shall be equal for all, unless provided differently in the Charter.

The LLC shall not make a distribution of dividends which may result in the LLC's total assets being less than its total liabilities or if the LLC would be unable to pay its debts and obligations due in the ordinary course of business. The Law on Business Organisations sets personal liability for the return of prohibited dividends for knowingly receiving or distributing such dividends. If more than one person is involved, their liability is joint and several.

#### **3.1.2 Managing Bodies**

The LLC shall be managed by at least one Managing Director, who represents the LLC and, as such, is allowed to conduct ordinary business activities and sign agreements or other documents necessary to exercise business activity. The Managing Director shall be designated and may be removed by shareholders or, if established, by the Board of Directors. It is not mandatory for the Managing Director to be a shareholder. Unless provided differently in the Charter, the Managing Director is appointed until removed or replaced by the shareholders or the Board of Directors or until resignation.

The Managing Director is responsible for maintenance of books and records of the LLC and for providing shareholders with access to them. However, LLC owners can restrict the Managing Director's rights and authorisations through the company's Charter. The financial report is signed by the Managing Director or Chair of the Managing Board.

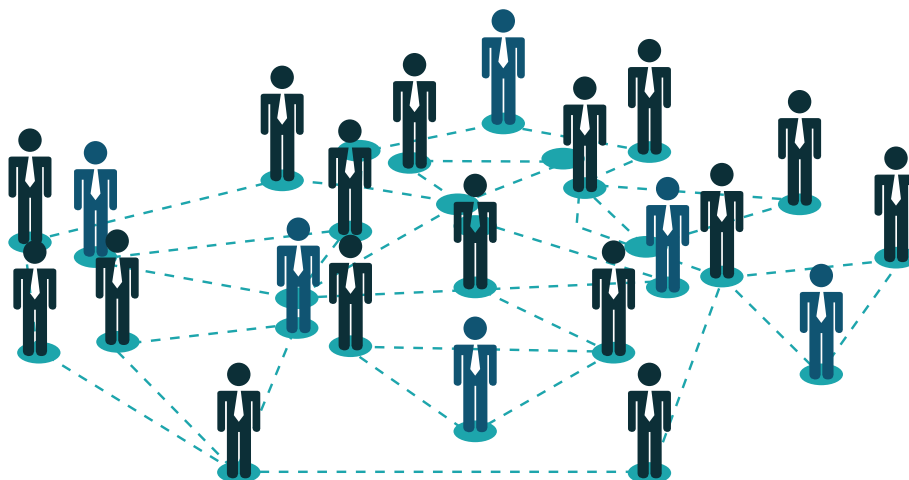
The LLC may also establish a Board of Directors, though this is not mandatory. Its members are elected and removed by the Shareholder Assembly. The Board of Directors is regulated by the Charter of the LLC, which must establish the board's authorizations, number of members, manner of appointment, term, and voting method. If established, the Board of Directors may designate and remove Managing Directors.

The Board of Directors can appoint more than one Managing Director, and if so, each of them may represent the LLC in performing all transactions unless the Board of Directors has decided that all or some of the Managing Directors may represent the LLC jointly. Joint representation shall apply with regard to third persons only if it is entered in the Registry and published by the KBRA. The provisions applicable to the Board of Directors of a Joint Stock Company shall also apply to the Board of Directors of an LLC.

The Shareholder Assembly is the highest decision-making body of the LLC. Reserved matters of the shareholders include amendment of the Charter of the LLC, issuance of new shares, transfer of shares or admission of new shareholders, decision to sell or transfer more than half of the company's assets, and the election or removal of the Managing Director and members of the Board of Directors. The Shareholder Assembly may also adopt decisions within the competence of the Managing Director or the Board of Directors.

At least one meeting per year of the Shareholder Assembly is required. Notice of the meeting must be sent at least 30 days before the scheduled date. An extraordinary meeting may be convened by the Managing Director, Chair of the Board of Directors, or at the request of shareholders representing at least 10% of votes on the matter at stake. Notification of extraordinary assembly must be sent at least 7 days before the scheduled date. The meeting of the Shareholders' Assembly can also be held online.

Unless provided differently in the Charter, decisions are made by simple majority vote. However, unanimous vote is required for the amendment of the Charter and the sale, lease, pledge, mortgage, or other transfer or disposition of 51% or more of the total value of the assets of the LLC. If the LLC has only one shareholder, the sole shareholder exercises all competences of the Shareholder Assembly.



### 3.2 JOINT STOCK COMPANY (JSC - SH.A.)

A Joint Stock Company (JSC) is a separate legal entity owned by one or more shareholders. It is liable for all its debts and obligations. JSCs are subject to mandatory registration with the KBRA.

To register a JSC in Kosovo, the following documents are required: KBRA registration form, company charter, memorandum of incorporation signed by founders, identification documents of shareholders and authorized persons, and consent of the registered agent (who must be a resident of Kosovo). JSCs may also adopt bylaws governing their internal management.

#### 3.2.1. *Shareholding*

JSCs may issue common and preferred shares as specified in their Charter. They may also issue other securities such as bonds, convertible instruments, or share options. Each share of the same class must have equal value. Common shares cannot be converted into preferred shares or other securities. At least one common share must be issued.

The minimum charter capital requirement for JSCs is EUR 10,000. Contributions can be made in cash or non-monetary assets, which must be valued by an independent, authorized appraiser and approved by the Board of Directors. Labour or services cannot be accepted as contribution unless through an approved employee share scheme.

Shareholders are not personally liable for company obligations, except in cases of abuse or fraud.

Dividends are payable only if:

- Net assets remain above the subscribed and paid-in charter capital;
- Total assets exceed liabilities;
- The company remains solvent;
- Dividends do not exceed distributable profits.



### **3.2.2. *Managing Bodies***

The governance of a JSC includes a Board of Directors and at least one Managing Director.

The Board of Directors is mandatory. It must include at least one member if the JSC has fewer than ten shareholders and at least three members if there are ten or more. Members are natural persons and need not be shareholders or residents of Kosovo unless otherwise stated in the Charter.

The Board is responsible for company strategy, oversight, internal controls, risk management, and convening shareholder meetings. It may be delegated authority to issue shares, declare dividends, and approve securities.

Managing Directors are appointed by the Board. They manage day-to-day operations and represent the company in external affairs. If more than one is appointed, joint representation is applicable only if registered with KBRA.

The Shareholder Assembly is the supreme decision-making body. It approves amendments to the Charter, financial statements, appointment or removal of board members, and major decisions including dissolution or bankruptcy. Annual meetings are mandatory, and extraordinary meetings may be called by the Board or by shareholders holding at least 10% of votes. Voting rights and procedures are determined by the Charter.

## **3.3. BUSINESS STRUCTURES WITHOUT DISTINCT LEGAL ENTITY**

Despite lacking legal personality, these structures must be registered with the KBRA and may contract, own property, and sue or be sued in their own name.

### **3.3.1. *Individual Business***

An individual may register only one such business. The owner has unlimited personal liability for all debts and obligations of the business.

### **3.3.2. *General Partnership***

A General Partnership (GP) consists of two or more partners, who contribute capital, property, or services. Partners are jointly and severally liable for all obligations, including those incurred prior to their admission.

Management rights are equal unless otherwise stated in the GP Agreement. Unanimous consent is required for key decisions (e.g. amendment, dissolution, admission of partners, sale of major assets).

### **3.3.3. *Limited Partnership***

A Limited Partnership (LP) must have at least one general partner (with unlimited liability) and one limited partner (whose liability is limited, unless they interfere with management).

Limited partners may not act on behalf of the LP unless their actions are ratified by a general partner. Participation in management renders them liable as general partners.

### **3.4. SPECIFIC BUSINESS STRUCTURES FOR FOREIGN COMPANIES**

#### ***3.4.1. Branch of a Foreign Business***

A foreign business may operate in Kosovo through a registered branch. Required documents include the parent company's registration certificate, appointment decision for local representatives, identity documents, and consent of a registered agent resident in Kosovo.

Branches must keep financial records related to their local operations at their registered address in Kosovo.

#### ***3.4.2. Representative Office***

A representative office does not have legal personality and serves only for market research, marketing, and promotion. It must be registered with KBRA. Detailed rules are expected to be defined through a sub-legal act by the Government.