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The Convergence of Preparation the Financial Statements According to IAS and Tax Accounting in Kosovo

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Abstract

Purpose: This research aims to present the essential differences during preparation of financial statements according to commercial accounting rules and tax accounting rules; the ability of authorized people to differentiate two categories of reporting, and other findings regarding their orientation of preparation FS under IAS and then use them for the preparation FS under tax rules or inversely.

Design/methodology/approach: we have realized questionnaire research which was addressed to certified accountants and others under this qualification to gather the information that will serve our research questions. This paper applied descriptive statistics and analytical-inferential statistics in terms of the application research method.

Findings: The findings of this research show that there is a satisfactory level of accountant's knowledge about the differences between commercial accounting and tax accounting rules. According to the obtained empirical results, we concluded that more than 50% of the respondents prefer to prepare the FS initially according to KCFR requirements followed by adjustments under tax requirements.

Originality/value: Few known studies of this type, increase the contribution of this research in terms of drafting regulations related to the preparation of FS according to IAS and preparation of FS according to TAK rules to create a more approximate system of both forms of reporting.

1. Introduction

Accounting researches has aroused constant interest in professionals of this field over the years. In this framework of treatment, the subgroup of the accounting field which is tax accounting is not left out. Keeping and reporting books for accounting purposes is not always the same as keeping them for tax purposes and this difference arises because of non-harmonization of the applied accounting standards and tax legislation of a country as well. Even though users of prepared financial statements (FS) include similar stakeholders, however, the purpose for which they are prepared and reported is one more factor in the differences between accounting rules and tax procedures. Keeping Accounting according to the relevant standards and their accurate reporting, among other things, aims to present them fairly and reliably to be influential factors towards investors, lenders or other stakeholders; whereas, through tax accounting, entities try to keep books and registrations as well as reports to be harmonized with the tax legal framework of the Tax Authority of that country to create confidence and assuring that there was no tax evasion during the period. Different countries apply different tax policies whereas accounting is regulated through International Accounting Standards (IAS) in cooperation with national accounting standards which are set by the respective authority. Through this research, we will present the differences that bookkeepers / accountants address when they prepare financial statements for accounting purposes and financial statements for tax purposes. This research also aims to present the knowledge that authorized people to have for keeping books and registrations according to the requirements set by The Kosovo Council for Financial Reporting (KCFR) and Tax Administration of Kosovo (TAK). The inclusion of trained human resources within a company plays an important role in its market performance. Even more importance lays in the information they present to investors, creditors, suppliers and customers. However, the action of the tax authority through tax legislation presents special legal requirements to companies for keeping books and reporting Financial Statements which are not always in line with applicable Accounting Standards. Kosovo applies International Accounting Standards (IAS) translated into the Albanian language by the National Council of Accounting (NCA) in Albania and has created the Kosovo Council for Financial Reporting (KCFR) which is the regulator of putting in barrels of National Accounting Standards (NAS) which should be in accordance with International Accounting Standards (IAS) and in compliance with the economic and financial system for the non-financial sectors, while for the financial sectors (banks, insurance companies and pension funds) rules are set by the Central Bank of Kosovo (CBK). It is challenging for the preparers of financial statements to double their preparation, which serves the accounting standards and tax legislation so that often economic entities engage staff who have separate functions and who use each other's data. This paper will also show us how practical it is to prepare the FS according to the accounting standards and then adjust them according to tax rules.

2. Literature review

The fields of accounting and taxation have been developed over the years with the development of financial markets, with the process of globalization and the development and advancement of professionals in these fields. Numerous studies have been conducted on the relationship between accounting rules and tax rules, which were realized at the national and regional level and beyond.

“Financial accounting and taxation have different purposes and goals. The goals of an effective tax plan strategy are to raise revenue, and for a company to conduct activities in a fashion that maximizes their after-tax profit while minimizing their taxes paid to the government. The goals of accounting involve preparing information for the purposes of decision making and recording factual information for external parties. Where there appears to be little book tax conformity managers take more ownership and control over their work” (Herath & Melvin, 2017).

The international expansion of accounting standards has led to new challenges for fiscal regulators, given that historically, accounting represents the origin for calculating the tax base in many jurisdictions. Furthermore, changes in accounting rules have inevitably led to debates at the level of tax authorities, to determine the accuracy of the taxable value.

The relationship between accounting and taxation is best represented to the level of accounting practice by alternatives commonly used to taxable income computation which depend by the level of connection between them. As the level of influence by taxation over accounting, or the magnitude of the connection between them, has evolved over time and space. While countries like Germany, Spain, France, and Italy have maintained a connection between accounting and taxation to avoid two sets of rules, others like UK or Denmark thought two separate systems for these, developing accounting rules and tax rules, where the tax profit is computed based on tax rules such in USA (Cuzdriorean & MatiÅŸ, 2012).

Studies on differences in keeping accounting according to international (or national) standards and tax rules even go as far as overseas. For example, in the US there is a difference in keeping and registering inventory, according to International Financial Reporting Standards (IFRS) the inventory valuation method LIFO (Last In, First Out) is not allowed, but, this is allowed by the US tax law (Hail, Leuz, & Wysocki, 2010).

"The preparation of financial statements in conformity of legal regulations and standards provides a fair and reliable view of the business organization's financial position and its performance, as well as a proper assessment of its cash flow from its core activities. Business organizations (in Kosovo) are oriented towards the implementation of fiscal and accounting regulations, but they are guided by accounting rules in terms of the presentation of their economic activities. This determined the relationship between accounting and taxation in the context of the preparation of financial statements as a dependent relationship with the dominance of accounting" (Berisha, 2018).

Other researchers point out that from the practical and theoretical points of view there are no insurmountable differences between tax accounting and commercial accounting. According to this study, the author claims that International Accounting Standards (IAS) may serve as a "starting point" for forming a common tax base for all entities within Europe. This means that the rules set out by IAS and IFRS will not be transformed without adapting to a framework close to tax accounting in Europe (Schön, 2004).

"Quality financial reporting eliminates irregularities and reduces informality. Reliable financial statements increase safety for lenders. Reliable financial reporting affects the absorption of foreign investment" (Kastrati, 2016).

3. Research methodology and restrictions

Since the role of the person in charge of the accounting of a company is very important, it is necessary to present a convergence of the preparation of financial statements by both of accounting and tax. The research is divided in the theoretical and practical parts. The data that have contributed to this paper are data from primary sources through statistical observations which are derived from the analysis of respondents' responses through self-administered questionnaires as well as secondary electronic data. The questionnaire was designed so that the respondent has the opportunity of closed-ended answers through alternatives as well as open-ended answers. Through questionnaires we have gathered qualitative and quantitative data; the questionnaire contains data about the respondent such as level of education, work experience, etc.; data were collected also on the knowledge that respondents have about the application of IAS and Kosovo Accounting Standards (KAS), knowledge of tax procedures for keeping and reporting financial statements, their application in the company where they work, preparation of FS according to accounting needs and then adjustments by tax purposes or vice versa.

The object of study is the preparation of financial statements according to accounting and taxes, while the elements of the object of study which have variable phenomena are the selected people engaged in the accounting of companies. The population of interest is all engaged people in the accounting of companies who possess the title of "Certified Accountant" as well as persons engaged in this process who have a university degree in the field of economics. The Practice has shown that in the process of bookkeeping and registrations, commercial entities have often entrusted this task to persons who do not yet have a bachelor's degree and others who are qualified as auditors. Therefore, in this research, judging that we are dealing with underestimation and overestimation of giving in trust to complete the process of bookkeeping and registrations, during the selection of the sample we have applied "selection bias" to these two categories.

Sample selection for further statistical analysis was based on sample selection according to the formula of Mathematician and Statistician Taro Yamane (1973).

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size

N = Population size

e = the acceptable sampling error

- *95% confidence level and p = 0.5 are assumed*

According to data from the licensed organizations of accounting and auditing such is the Society of Certified Accountants and Auditors of Kosovo (SCAAK) and Institute for Accounting, Auditing and Finance (IAAF), the number of "Certified Accountant" is 381. Based on the Taro Yamane formula, sample selection is 197 of them.

$$n = \frac{381}{1 + 381(0.05)^2} = 197$$

Since**,** involved in the process of bookkeeping according to accounting or taxes are also people who are not certified by licensed organizations, but have bachelor or master degree in the field of economics, then the theory gives us the right to apply the non-probabilistic sample through the trial of "intentional choice" and to increase the sample for 50 more observations included in the questionnaire. According to the stratified mode, the interviewees were selected to complete the questionnaire. The data collected from the questionnaires conducted helped to establish and test the hypotheses as follows:

Hypothesis 1: *Significantly there is no knowledge of the convergence of keeping commercial accounting and tax accounting*

Hypothesis 2: *There is a positive correlation in the preparation of financial statements according to both types of accounting.*

Chi-Square statistical test and Pearson correlation were used to test the hypotheses. Accounting is a relatively wide field, and when compared to taxes it becomes even more challenging and complex. Keeping and reporting of financial statements by companies in Kosovo are regulated through the Legislation and regulations issued by the Kosovo Council for Financial Reports (KCFR) in accordance with International Accounting Standards (IAS).

Kosovo Accounting Standards (KAS) are almost in full compliance with IAS, therefore, this research does not specifically address the differences between KAS and tax accounting.

This research has restrictions on the decisive interpretation of standards when they are not in line with tax accounting. Another limitation is that it does not include tax and accounting convergence for the financial sectors. Opportunities remain for other researchers to fill in these gaps left by this research paper.

4. Overview of the adopting of International Accounting Standards

Economic, political, cultural variations make countries, in addition to adapting IAS, also engage is creating accounting rules that will be applied nationally. The implementation of IAS is complex due to frequent changes by drafters. Furthermore, their implementers also face challenges in maintaining and reporting financial information according to the needs of the authority for drafting national accounting rules, according to the needs of the tax authority for tax purposes, the requirements of the management of the company, etc.

IAS means International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), subsequent amendments to those standards and related interpretations, and the relevant interpretations issued or approved by the International Accounting Standards Board (IASB).

The International Accounting Standards Committee (IASC) was established in June 1973 in London by the initiative of the former President of the Institute of Certified Accountants in England and Wales. The IASC was established by the national accounting authorities of several countries such as Australia, Canada, France, Germany, Japan, etc. to harmonize different corporate reporting practices. By the time of its dissolution, the IASC has managed to approve 41 IAS (IAS). In April of 2001 this committee was dissolved and was replaced by the International Accounting Standards Board (IASB) which have amended almost every IAS.

”The evolution of the IASC and the IASB is the tale of a private-sector international accounting standard setter that has succeeded in earning the respect and support initially of national accounting bodies, then of national standard setters, and ultimately of regulators in the major capital markets and government ministries, as well as of the preparers and users of financial statements around the world” (Zeff, 2012).

Financial reporting in Kosovo has been regulated through UNMIK regulation no. 2001 on the Establishment of the Kosovo Board on Standards for Financial Reporting and a Regime for Financial Reporting of Business Organizations. Among the other objectives of this board, was the issuance of Accounting Standards which would be in accordance with IAS and in suitability with the business environment in Kosovo. Kosovo Accounting Standards (KAS) were in implementation until August of 2011 when the enactment of Law no. 04 / L-014 repeals the regulation issued by UNMIK and all competencies were transferred to the newly established authority - the Kosovo Council for Financial Reporting (KCFR). From this period, entities with the status of a joint- stock company or a limited liability company have been required to apply full IAS to the financial statements. Whereas, from April of 2019, KCFR operates according to the approval of Law no. 06 / L-032.

“Kosovo, in distinction to other Balkan countries, made the economic transition, including tax reforms, under the influence of quite specific political factors and circumstances . Reformation of tax system constituted only one of the main components of the reforming process within the social-economic transition” (Peci, 2016).

The implementation of IAS is essential to ensure the reliability and accuracy of accounting information considering that Kosovo has open trade borders, companies conduct business transactions with countries around and beyond, entities enter into investment agreements with businesses outside of the country, entities need business financing from different creditors, etc. The Law on Accounting, Financial Reporting, and Auditing requires the KCFR to issue standards that match with IAS. KCFR has approved the use of IFRS-s for SME-s starting from 1 January of 2015.

4.1 Differences on keeping commercial accounting and tax accounting in Kosovo

The tax structure of a country is usually formed according to the goals of fiscal policy to achieve an effect on the level of economic growth, incomes, investments, employment, etc. The tax system in Kosovo is evolving over the years both in terms of substantive legislation and in terms of technology. While the purpose of the tax authority is to identify tax evasion of business entities, there is a need for this institution to have access to the documentation of entities. In addition to the legal requirements for registration and bookkeeping, depending on the size of the business and the form of declaration, taxpayers are required to maintain financial statements. It is in the interest of business entities to declare lower incomes as well as higher costs even if they are not realistic to have a lower tax burden. On the other side, the tax authority uses direct and indirect inspection methods to analyze the financial situation of the target entities to be controlled to maintain the damage to the state treasury by ascertaining the real value of their tax liability. Tax Administration of Kosovo (TAK) through tax legislation determines the rules of bookkeeping and registrations. The rules and procedures on which TAK operates are regulated by the Law on Tax Administration and Procedures (Law no. 03/L-222).

The financial statements of a business are intended for reporting to KCFR and TAK. When presenting the financial statements to the tax authority, access to this financial information is limited only to authorized personnel, so it cannot be external information for groups of interest and the performance of the entity through the financial statements leads to the determination of the value of tax evasions.

The purposes for which PFs are prepared according to commercial accounting and tax accounting are different. In cases when TAK has reasonable doubts about the falsity of the financial statements presented by the taxpayer, then the KCFR has a legal obligation that in case of access by the tax authority to the financial statements submitted by a business entity, they should be presented. The differences between commercial accounting and tax accounting exists because the rules of their keeping and reporting, derive from different legislations. Taxpayers are interested in having the highest possible profits, but higher trade turnover will also lead to higher tax liabilities. Therefore, entities invest in professional staff, which will organize and maintain tax accounting in an independent way of commercial accounting to strategically avoid taxes.

There are some differences between IAS reporting and tax accounting which we will present below. These differences are mainly related to incomes, expenses, depreciation stocks, etc. According to IAS (IAS 18) there are revenue recognition criteria according to transaction situations and the received advances are not related to the performance of the services or the sale of the goods; while according to the Law on Value Added Tax there are three moments of incomes recognition and then the east of the obligation for VAT and whichever of the three happens first, then the obligation for VAT arises:

1. The Issuance of invoice
2. The Payment for goods / services (Advance included)
3. The Delivery of goods / performance of service.

The most significant differences are in the coverage and recognition of expenditures. According to the tax legislation applicable in Kosovo, there are restrictions on the full recognition of certain expenses such as charity contributions, representation expenses, salary expenses, etc. According to the Law on Personal Incomes Tax and the Law on Corporate Incomes Tax, expenses that are not documented according to the requirements of the regulations, are not deductible. Expenditures that an entity may have for humanitarian purposes, health purposes, educational and similar purposes, for tax purposes will be deductible up to 10% of the taxable income calculated before this expense is deductible. If during a tax period, a business entity has not declared withholding tax and pension contributions for employees and no evidence of payment of employees' salary has been found, even though the entity has paid the employees, the value of the salaries paid will not be deductible for income tax purposes; whereas, according to IAS, payroll expenses are deductible if incurred.

Another difference is in the recognition of fuel costs, if a business entity possesses a basic tool (vehicle) that can be used for both of business and personal needs, then the maximum deductible expenses of fuel will be 50% if taxpayer has kept evidences of the routes.

Another difference is in the recognition of bad debt expenditures, according to tax legislation must be documented non-collection of debts and must meet certain criteria to be recognized a bad debt under Article 17 of Law 05 / L-028 and Article 12 of Law 05 / L-029. Regarding depreciation, according to IAS, there are several methods for equipment depreciation, while according to tax legislation the linear method of equipment depreciation is applied according to three categories.

According to tax legislation, taxpayers may apply any of the permitted stock management methods specified by the Kosovo Accounting Standards except for the LIFO method, and the chosen method must be applied for at least the other three tax periods in progress. The tax legislation does not recognize the revaluation of stocks according to net value, but only recognizes their registration according to the entry cost. According to the tax legislation in Kosovo, there is no treatment of "Goodwill" in terms of revaluation of this asset or losses from impairment, while according to IAS there are clear explanations for the treatment of differences in the net account value of "goodwill" and its recoverable amount.

Another difference is in the technical aspect of keeping the documentation. According to the tax legislation, the documentation for tax purposes will be stored for a maximum of six consecutive periods, while according to the accounting standards issued by the KCFR, the data of payroll must be stored indefinitely, financial statements must be kept for up to 10 years and the accounting documents based on which the entries are made must be kept for at least six years.

Another difference between book and tax accounting books is the purpose of the company to use a strategy of aggressive reporting or reporting purposes and for tax purposes. An example, if the company intends to show the highest profit (to increase the stock price or maintaining the desired level), blowing income, and then the company will pay more tax" (Ahmeti, Aliu, Elshani & Ahmeti, 2014)

So, from what we presented above, we see that there are differences in the theoretical and practical aspect of commercial accounting according to IAS and tax accounting.

The Tax Administration of Kosovo through tax legislation has drafted rules for revenue recognition and rules for limited expenses mainly for reasons of avoiding misuse and increasing expenses which would reflect on reduced pre-tax revenues.

4.2 Empirical Research Analysis and Hypothesis Testing

To determine how well the chosen model fits with the observations made, we used the data collected from the field observations which serve the method of statistical analysis which consists of using the Pearson distribution (late nineteenth century) analysis of Chi-square test according to the following expression:

$$X_c^2 = \sum \frac{(Oi - Ei)^2}{Ei}$$

X2= Chi squared

c = degrees of freedom

Oi = observed value

Ei = Expected value

In the following we will present the descriptive part of the data according to which 247 people were interviewed.

Hypothesis I: *Significantly there is no knowledge of convergence of commercial accounting and tax accounting*

Table 1: **Respondents' participation in the questionnaire**

Case Processing Summary

	Cases					
	Included		Excluded		Total	
	N	Percent	N	Percent	N	Percent
Observations	247	100.0%	0	0.0%	247	100.0%

***Source:** Author

Table 2: **Participation in the questionnaire by qualification**

Case Processing Summary

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor degree	18	7.2	7.3	7.3
	Master degree	32	13.0	13.0	20.2
	Certified Accountant	197	79.8	79.8	100.0
	Total	247	100.0	100.0	

***Source:** Author

Based on the data presented, by the respondents 79.80% are qualified as "Certified Accountant" and 20% have university qualifications such as Bachelor degree and Master degree who may also have the qualification as "Accounting Technician" but it is not specified.

Table 3: **Average match of accountants and other participants regarding convergence between commercial accounting and tax accounting**

Case Processign Summary

		Observations	Mean	Mode	Standard Deviation
	Bachelor degree	18	3.21	3	.7963
	Master degree	32	3.34	3	.8725
	Certified Accountant	197	4.61	4	.9354

***Source:** Author

According to the answers received from the respondents, for ratings from 1 to 5 regarding the convergence of commercial accounting and tax accounting, persons qualified as "certified accountant" rated with an average convergence of 4.61; respondents with “bachelor degree” qualification gave an average grade of 3.21 and respondents with “master degree” qualification gave an average grade of 3.34. The highest frequency according to the qualification "certified accountant" is 4 while according to others it is 3.

Table 4: Knowledge in convergence between commercial accounting and tax accounting

Chi-Square Test

	Observed N	Expected N	Residual
Not at all	47	61.8	-14.7
Somewhat	54	61.8	-7.7
On the average	70	61.8	8.3
Totally	76	61.8	14.3
Total	247		

***Source:** Author

Table 5: Knowledge level in convergence between commercial accounting and tax accounting

Test Statistics

	Knowledge level
Chi-Square	8.887[a]
df	3
Asymp. Sig.	.031

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 61.8.

***Source:** Author

Table 6: **First Hypothesis testing - One-Sample Chi-Square Test**

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.[a,b]	Decision
1	Significantly there is no knowledge of convergence of commercial accounting and tax accounting	One-Sample Chi-Square Test	.031	Reject the null hypothesis.

a. The significance level is .050.

b. Asymptotic significance is displayed.

***Source:** Author

The Chi-Square test was chosen to test the first Hypothesis regarding to the level of knowledge about the convergence between commercial accounting and tax accounting in Kosovo. With an applied coefficient of the significance of $\alpha = 0.05$, according to the Chi-Square level, the level of knowledge of the differences between tax accounting and commercial accounting is significant because the error rate is 3.1% which represents a theoretically acceptable level. According to the testing of the first hypothesis, we conclude that we must reject the null hypothesis.

Hypothesis II: *There is a positive correlation in the preparation of FS according to both types of accounting.*

While there are differences in how financial statements are maintained and reported according to commercial and tax accounting, it is important to understand which type of accounting will serve the other type when preparing them. The description of the collected results and the testing of the second hypothesis will be presented through the application of the Pearson correlation.

The following table presents the description of two variable phenomena such as the qualification of respondents and the need for preparation of financial statements according to commercial accounting or tax accounting.

Table 7: Intersection of two variable phenomena

Crosstabulation				
		Commercial Accounting to Tax Accounting	Tax Accounting to Commercial Accounting to	Total
Qualification	Bachelor	7	11	18
	Master	17	15	32
	Certified Accounting	178	19	197
Total		202	45	247

***Source:** Author

To determine the correlation connection between the two ways of keeping business entities accounting, we used a simple Pearson correlation.

Table 8: Second Hypothesis testing - Pearson Correlation

Crosstabulation			
		Commercial Accounting	Tax Accounting
Commercial Accounting	Pearson Correlation	1	.735**
	Sig. (2-tailed)		0.000
	N	247	247
Tax Accounting	Pearson Correlation	.735**	1
	Sig. (2-tailed)	0.000	
	N	247	247
**. Correlation is significant at the 0.01 level (2-tailed).			

***Source:** Author

Presented results show that there is a positive and strong correlation in the preparation of financial statements according to both types of accounting; thus, we approve the second hypothesis.

According to the processed data provided by the respondents' answers, we conclude that businesses tend to use business data first for the preparation of financial statement according to commercial accounting (according to accounting standards applied in Kosovo) and then adjust them according to tax requirements (in accordance with applicable tax laws). Based on the collected data, 68% of respondents apply to keep books and registrations according to commercial accounting so then they can be adjusted according to tax regulations; it is important to note that 93% of these respondents are qualified as "certified accountant". Business entities are interested in being well informed about their real profits by deducting all business expenses so that from the revenue performance of one period they can make revenue planning for the following period. Tax accounting does not present this information, one of the reasons is that not all of the costs are deductible. In terms of taxation, businesses are interested in finding strategic ways to create fewer tax liabilities.

5. Conclusion and recommendations

Within the human resources of business entities, an important place has financial or fiscal representatives. Therefore, every day there is a growing interest to invest in staff who are well prepared in both areas of reporting.

Through this research according to the collected data we have concluded that there are essential differences in the preparation of financial statements according to the two types of accounting and these differences are most highlighted in the preparation of the Income Statement, mainly in the recognition of expenses. The legal requirement for submitting financial statements to Kosovo Council for Financial Reporting (KCFR) is to be signed by an authorized person with the qualification of "certified accountant" which means that he is well familiar with the accounting standards applied in the country. Empirical results show that authorized people have good knowledge of the convergence between commercial accounting and tax accounting. In most of the cases, business entities authorize the same person to represent them for reporting procedures according to the Kosovo Council for Financial Reporting (KCFR) and tax procedures according to the Tax Administration of Kosovo (TAK). This research also found that more than 50% of respondents stated that they prefer to prepare financial statements initially according to the requirements set by Kosovo Council for Financial Reporting (KCFR) and then made adjustments tax regulations. However, there are entities that engage persons who have separate roles in the preparation of financial statements according to commercial or tax accounting. In most of the cases, this means that for tax purposes people can be hired that are not qualified as "certified accountants".

It was found that there is a strong correlation between the preparation of FS according to the two types of accounting. Despite the difficulties of adapting of the constant changes in the application of accounting standards the data showed that the representative persons are well acquainted with the changes of two lines of accounting. This process has been mainly influenced by the legal requirements for a higher level of qualified accountants.

This research can serve other researchers who research a similar topic and can be useful for drafters of fiscal regulations or regulations issued by the Kosovo Council for Financial Reporting (KCFR). As presented above, there is a discrepancy between the two frameworks for preparing financial statements. It would be more practical to have a greater harmonization between commercial and tax accounting.

We recommend the procedure drafters of Tax Administration of Kosovo (TAK) to submit a legal requirement that fiscal business representatives have a unified qualification so that they are more professionally prepared when they communicate with the tax authority.

We recommend the regulation drafters of Kosovo Council for Financial Reporting (KCFR) and Tax Administration of Kosovo (TAK) to combine a uniform of financial and fiscal preparation and reporting and to avoid two separate reporting systems by adopting this system from several European countries.

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