



Republika e Kosovës - Republika Kosova - Republic of Kosovo

Komisioni i Pavarur për Miniera dhe Minerale
Nezavisna Komisija za Rudnike i Minerale
Independent Commission for Mines and Minerals



Pursuant to article 51, article 59 paragraph 1 and article 62 of the Law 03/L-163 on Mines and Minerals and article 31 of the Law No. 04/L-158 on Amending and Supplementing the Law no. 03/L-163 on Mines and Minerals, the Board of the Independent Commission for Mines and Minerals in the meeting held on 03.03.2016 hereby issues this:

ADMINISTRATIVE INSTRUCTION

(ICMM IA. NO. 04/2016)

ON DEFERMENTS AND EXEMPTIONS OF THE ROYALTY PAYMENT

Article 1

Purpose

1.1. This instruction shall regulate and determine the manner of royalty payment for all enterprises possessing mining licences for minerals. This instruction shall also determine the procedures within the ICMM on how to process all cases when every mining Licensee applies to defer and program the debt, processing and the term to defer the payment.

Article 2

Criteria and the right to enter into an agreement

2.1 Every Licensee has a right to make a request to defer the term of payments, respectively programming the royalty obligations by instalments.

2.2 The ICMM Director may approve the deferment of the term and exemptions according to article 51 of the Law on Mines and Minerals.

2.3 Mining Licensee may apply to the ICMM for an authorization to defer the payment of a royalty, if at the close of the period for which such royalty is due, such licensee's cash operating margin is less than zero.

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Article 3

The request to enter into an agreement

3.1 When Licensee applies to the ICMM to defer the payment of a royalty he shall attach to the request:

3.1.1 Income statement for previous year.

3.1.2 Income statement for a specific period on the date of application to defer the payment obligation of a royalty

3.1.3 The state of all accounts for the entity that applies to defer the payment obligation of a royalty

4.1.4 Payment required according to this instruction

3.2 Commission shall require an initial payment up to 30% of the total debt as a condition to enter into an agreement.

3.3 Every request on deferment or programming the debt shall be reviewed by an ad-hoc commission (within Finance Department) proposed by the Head of Finance Department approved by the ICMM Director.

Article 4

The term to defer the royalty

4.1. Regarding the royalty, Licensee has a right to enter into an agreement for obligations foreseen according to point 2.1 of this Administrative Instruction.

4.2. Licensee has a right to enter into an agreement also for obligations created in the present year.

4.3. When the payer wants agreement for a period longer than twelve (12) months, the interest will continue to accrue for the duration of agreement.

4.4. The duration of agreement can not be longer than 36 months (3 years).

Article 5

Approval of the request to enter into an agreement

5.1 If Commission determines that the licensee's cash operating margin is less than zero at the close of the concerned period, the Commission may authorize the deferment of the royalty, in whole or in part, in accordance with article 51 of the LMM.

5.2 If the Commission decides to defer the term of payments, so it is allowed programming until a period of twelve months (12 months) then the enterprise must pay and shall submit the

evidence of the initial payment of 30% of total debt for royalty, depending by the commission's evaluation.

5.3 Approval to defer the term of payment will be accumulated together with all previous royalty obligations;

5.4 During the review of request, the Commission may require additional documents and advice the enterprise to complete the documentation.

5.5 The Commission decides and determines as well the royalty grace-period that can not be longer than three months.

5.6 Entry into the programming of debt shall be done for each registration number of the declaration of the exploited quantity.

5.7 After approval to defer the term of payment, then the Finance Department shall prepare the form and register it in the software of revenue.

5.8 Interest applies to debts created after the entry into force of the Decision of the ICMM Board dated 16.12.2013 for determination of interest, paragraph 3 from 01 January 2014.

Article 6

Obligations of royalty payers.

6. The royalty payer must agree to remain regular in all other obligations and to perform them in addition to the agreement signed, including paying on time and accurately quarterly payments and other payments if they are applicable according to the conditions of the license and the applicable law.

6.1. If the royalty payer does not comply with an instalment agreement, the interest will be reinstated retroactively until the date the agreement was signed. If a royalty payer can not fulfil obligations according to an instalment agreement and wishes to re-new an instalment agreement, the agreement with subsequent instalments will not include the removal of interest. Interest will continue to accrue on any agreement with subsequent instalments for the duration of agreement.

6.2. If the licensee fails to pay royalties under the terms required by law and other sublegal acts, the ICMM except notice for failure in compliance with article 9 of the basic law will apply interest for not paying on time.

6.3. The interest rate will be based on the interest rate of loan of commercial banks in Kosovo, but it shall be a minimum of 0.5% per month higher than that rate. ICMM through other sublegal acts will determine once a year, not later than 31 December, changes in the interest rate for the following year.

Article 7

Non-approval of the request to defer the term of payment

7.1 If the Commission determines that the licensee's cash operating margin is more than zero at the close of the concerned period, then the request for deferment shall be refused.

Article 8

Informing the enterprise about decision

8.1. The Commission shall give a reply regarding the approval or refusal of the request to enterprise within 7 days.

8.2. If it is not approved the Licensee is informed in writing by describing the reasons of non-approval.

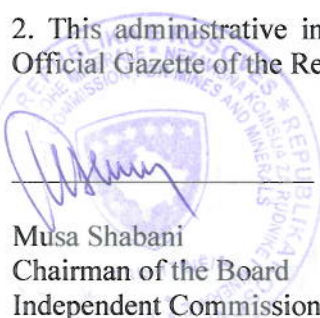
8.3. If the additional documents are required, then they can be required from the enterprise by telephone, e-mail or written notice.

Article 9

Transitional provisions

1. Upon the entry into force of this Administrative Instruction, it is abrogated the Instruction (ICMM NO. 001/2013) dated 18.01.2013.

2. This administrative instruction shall enter into force 8 days after its publication in the Official Gazette of the Republic of Kosovo.



Musa Shabani
Chairman of the Board
Independent Commission for Mines and Minerals