THE REVENUE IMPACT OF TAX AMNESTIES IN KOSOVO[*]

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Abstract

Tax amnesty as a conventional mean for collection of state revenues are fiscal programs that offer individuals and businesses the opportunity to pay accumulated taxes of previous periods, legalize their assets, and stimulate repatriation of capital abroad. This study addressed the effects of tax amnesty in tax income in Republic of Kosovo by using multiple regression analyze, based on data egarding GDP and inflation rate. Although tax amnesties are known as controversial tools, they seem to have achieved their targets in Kosovo in terms of raising tax revenues. Tax amnesties in Kosovo does not seem to have had any adverse effects in terms of discouraging regular taxpayers from their unequal treatment.

Anahtar Kelimeler: *Tax amnesty, taxpayers, fiscal policy.*

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KOSOVA'DA VERGİ AFLARININ
GELİRLER ÜZERİNDEKİ ETKİLERİ

Öz

Vergi afları, devlet gelirlerinin tahsilatı için geleneksel olarak mali literatürde en güncel konulardan biridir. Vergi afları, bireyler ve işletmelerin daha önceki dönemlerde birikmiş vergilerini ödeme, varlıklarını yasallaştırma ve yurtdışındaki sermayelerinin ülkeye geri döndürülmesini teşvik eden mali programlardır. Bu çalışmada, Kosova Cumhuriyeti'nde, GSYİH ve enflasyon oranına dayanan verilere göre çoklu regresyon analizini kullanarak vergi affının vergi gelirindeki etkileri ele alınmıştır. Her ne kadar vergi afları gelir tahsili konusunda tartışmalı araçlar olarak biliniyor olsa da nihai sonuçlara dayanarak Kosova'da vergi gelirlerininim yükseltilmesi açısından hedeflere ulaşılmış gibi görülmüştür. Diğer taraftan, Kosova'daki vergi aflarının eşit olmayan uygulamalar olması sebebiyle vergilerini düzenli ödeyen mükelleflerin üzerinde heves kırıcı herhangi bir olumsuz etkisi olmadığı görülmüştür.

Keywords: Vergi affı, mükellefler, mali politika.

1. INTRODUCTION

In the last three decades, governments in most countries of the world have applied tax amnesties as part of their government programs, ranging from countries like the United States, the Pacific countries (Australia, Philippines), countries from Latin America (Mexico, Argentina, Panama, Bolivia, etc.) countries from Europe (France, Italy, Greece, Austria, Finland, Belgium, Portugal, Turkey, Kosovo, Albania, etc.), up to the Asian countries (Russia, Australia, the Philippines, India, etc.). The effects of repeated tax amnesties, according to some studies, shows that besides a long-term decline in revenue, they also led to a decline in voluntary tax compliance. Due to the high popularity of tax amnesties in financial literature, the political interest in tax amnesty has encouraged governments to repeat them in many countries

around the world. Although in practise the tax amnesties are treated as tools that generate short-run revenues with reduced administrative costs, in addition to their advantages they also possess disadvantages.

Although tax amnesty recently has awakened great popularity, they are historically introduced in Egypt by Ptolemy V Epiphanes around 200 BC (Ibrahim vd. 2017: 220). The first documented tax amnesty dates back from over two millennia ago, which can be found on the Rosetta Stone in Egypt, which was provided by the release from prison of tax evaders (Adams, 1993: 19). The success of the amnesties at the beginning of their application has awakened great popularity where amnesty program today is quite common and draws great attention to the states policy making. The affirmation and popularity created by the success of tax applications of amnesty have led to the spread of the current amnesty programs and development of new policies by the goverments.

In general, the word amnesty can be defined in a narrow and broad sense. In a narrow sense amnesty implies forgiveness of a fault or error which is to be forgiven; In a broadest sense, this means avoiding the fulfillment of prosecution and punishment in exchange for a public benefit (Doğan ve Besen, 2008: 49). As well according to Ibrahim, Myrna, Irawati and Kristiadi (2017: 221), amnesty literally means forgiveness. In this context, the tax amnesty is the use of state sovereignty and authority to pay taxes, charges and fees from individuals to finance public services, and based on this authority, this means lifting the sanctions imposed on taxpayers for not meeting taxes on time (Yurdadoğ ve Karadağ, 2017: 136).

In the economic literature we have many definitions of tax amnesty. Tax amnesties are special provisions which normally involve a one-time opportunity

offered to errant taxpayers to settle their previously unpaid taxes without the need to pay penalties and or face prosecution (Aspa, 2016: 27).

According to Villalba (2017: 286), a tax amnesty is a temporary opportunity that the government offers to people or firms that failed to pay their due taxes in earlier periods. According to a similar definition, tax amnesty is a partial or total abandonment of the state's sanctions against tax and tax violations (Yurdadoğ ve Karadağ, 2017: 136).

Another similar definition given by Alm, Vazquez and Wallace (2009: 236) where according to them tax amnesties are a controversial revenue-raising tool, they point out the immediate impact of tax amnesties on short-term incomes. An alternative definition is also provided by Nar (2015: 583), where tax amnesty is a term used to describe a one-time offer to settle an outstanding tax debt for an amount that is less than the current debt. So the tax amnesties are accepted as one of the politically popular ways used for increasing the state revenues, and their importance in tax policies rises day by day.

In the last thirty years, many countries around the world have applied tax amnesties in their financial policies, mainly because of their political, economic and social reasons and their openness to international trade. After the war, the government in Kosovo applied tax amnesty twice, first in 2008 and second in 2015. Policymakers in many developed countries have used tax amnesties as appropriate means to achieve short-term and long-term benefits and sometimes they use tax amnesty for major macroeconomic purposes mainly such as repatriating flight of capital. Due to the large impact of tax amnesties to tax income, this study attempted to explain how the tax amnesty in Kosovo affect the income of the country.

2. TAX AMNESTY PRACTICES IN THE STATE OF KOSOVO

Kosovo is a country with a population of 1.8 million and an area of approximately 10.887 km2. The countries that border Kosovo are: Albania with 112 km, Macedonia with 160 km, Montenegro with 76 km and Serbia with 366 km. Based on World Bank estimates in 2016, Kosovo is a country with low-middle income and with a steady economic development since 1999 (Vjetari Statistikor i Republikës së Kosovës [VSRK], 2017: 18).

After the end of World War II until 1999, Kosovo was under Yugoslavia occupation, the culmination of this discrimination came in the period 1990-1999 when Kosovo was occupied by Serbia. In the period when Kosovo was under Yugoslavia public finance and fiscal policies imposed in Kosovo were discriminatory and higher than in other federal regions.

During the 1990's, Serbia occupied Kosovo and evoked its autonomy. In this period, the situation in Kosovo has deteriorated both economically and politically. This deterioration also affected public and finance policy. Violence by Serbian occupier was intensified during this period in all spheres of life. At the social sector, in economic enterprises in Kosovo they were installed violent measures, and became acquisition of these economic enterprises from Serbia. Violent measures have caused Albanian workers to lose their jobs, and the fiscal mechanisms were installed to plunder Albanian private enterprises with high fiscal taxes. At that time the looting of the economy and the Albanian population was continuous, public revenue was administered by the Serbian state mechanism used to finance Serbia's police and military administration (Akademia e Shkencave të Shqipërisë [ASHSH]: 1999: 43).

Since 1992, the Albanian population was organized and formed self-financing financial institutions with the intention to financing some of the indispensable

sectors such as education, health care and social support. Even though fund collection was difficult at that time, it allowed public funding to function under occupation conditions, thus enabling the financing of major state mechanisms. After the abolition of Kosovo's autonomy in 1989 and after the last war in 1999, Kosovo was under UN administration for nine years under the UN Security Council Resolution 1244. The responsible body for this mission was the UN Interim Administration Mission in Kosovo, which had been authorized to ensure a peaceful and normal living conditions for all Kosovo residents and to advance regional stability in the Western Balkans.

On 17 February 2008, after administration by the United Nations, Kosovo declared its independence, and its official name is the Republic of Kosovo. Kosovo is a parliamentary republic; its official languages are; Albanian and Serbian, in some municipalities as the official language is the Turkish language. Monetary currency is the euro, which has been unilaterally adopted in 2002. Kosovo is a member of the International Monetary Fund (IMF), the World Bank, the European Bank for Reconstruction and Development (EBRD), Development Bank for Council of Europe (DBCE), and the Venice Commission. Since May 2017, the Republic of Kosovo has provided 114 recognitions, thus achieving the goal of having more than 100 countries that recognizes Kosovo. With the growing number of recognitions, the priority remains the establishment of diplomatic relations with states that have recognized Kosovo as an independent and sovereign state (Ministria e Punëve të Jashtme të Kosovës, 2017, Lista e Njohjeve: 3).

 The Republic of Kosovo has developed an advanced legal framework, starting with the Constitution, Laws and secondary legislation; as such Kosovo has incorporated modern norms and laws in line with EU laws, just like its Balkan neighbors. Kosovo has an interest and is a potential candidate for EU

membership. Recently a Stabilization and Association Agreement between the EU and Kosovo is signed, which aims to create a free economic and trade zone and to start reforms in many areas in Kosovo.

Right after the war 1999, Kosovo has established and developed its own system and fiscal policy. Governmental bodies have adopted the laws, regulations and other legal provisions which regulate fiscal area in the country. Kosovo has already managed to build a stable and competitive fiscal system in the region, which has also raised the performance of collecting tax revenues from year to year. For more than a decade, the Kosovo government has strengthened and reformed the tax administration, with special dedication to expanding the tax base, and reducing tax rates in order to maintain and increase the tax revenue sustainability in the country.

Before the fiscal reforms, in 2015 the Kosovo government declared a tax amnesty in the country. This tax amnesty in the country lasted for two years. While there are many reasons for the implementation of tax amnesty. The tax amnesty in the Republic of Kosovo has been implemented as a government program. A program that amnested all taxpayers' debts by 2008, in case of voluntary payment of unpaid taxes from 2008 to 2014.

Despite numerous reforms in the fiscal system, one of the main challenges of the state institutions of the Republic of Kosovo since the war, remains the tax evasion and the failure to collect taxes and public debts from the entities operating in the country. Failure to properly operate the tax administration and the difficult economic situation are the result of non-regular collection of tax liabilities by the state. In such circumstances public enterprises and tax administration have not been careful to follow the legal procedures for collecting these debts in time, so most of these debts were considered a lost debt. In the current circumstances, the announcement of a decision by the
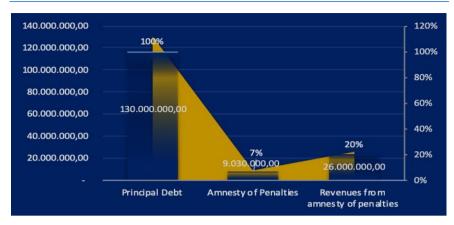
Kosovo government for tax amnesty was considered necessary taking into account the facilities it would provide in clearing bad debts lists in public institutions. The decision announced by the government of Kosovo for tax amnesty, made a cut from an irresponsible period in a good chapter for the business world in Kosovo.

Following the declaration of independence in 2008, the Republic of Kosovo for the first time announced the tax amnesty in the country. Simultaneously with the application of fiscal reforms, the Kosovo government used tax amnesty as part of its financial program. The positive effects of the tax amnesty in the country are estimated as multidimensional. First of all, due to the possibility of amnesties of debts accumulated for more than ten years, the liquidity insurance and the liquidity needs of the state can be met by the revenues collected from tax amnesty for both companies and entrepreneurs. All this brought new business opportunities for the unemployed in the private sector.

On 10.09.2008, the government of Kosovo issued Decision 07/35 on Tax Amnesty, which was in force until 31 December 2008. At that time, the principal taxpayer's debt for the period 2000-2008 was 130.000.000,00 €. While the amount of amnestied tax penalties was 9.030.000.00 €. Revenues collected by the Kosovo tax administration as a result of tax amnesty during that period reached the value 26.900.000,00 € (ATK-RV, 2011: 12-13). Figure 1, shows the amount of penalties amnestied by the first tax amnesty in Kosovo and collected tax revenues.

Figure 1. The Amount of Penalties Amnestied by the First Tax Amnesty in Kosovo and Collected Tax Revenues
Source: ATK, 2011: 12-13.

The figure 1, shows that as a result of tax amnesty, the tax administration of Kosovo during this period has managed to collect revenues in the amount of 26.900.000,00 €. If we look at the unpaid principal debt, revenue collected from tax amnesty accounts 20% of the principal debt. While the amnestied penalties reaches 7% of the principal debt.

In accordance with Article 93 of Constitution, the Government of the Republic of Kosovo deci-ded in February 2015 to declare a second tax amnesty in the country. Whereas in July 2015 the Assembly of Kosovo approved the Law no. 05 / L-043 on tax amnesty. This law sets the criteria and necessary procedures for tax amnesty for the period 2000-2008.

The purpose of this law was the amnesty of debts of all citizens and businesses to the state institutions and public enterprises, as well as the definition of criteria and procedures for amnesty for all persons and businesses in Kosovo for the period 2000-2008 (Ligji. Nr. 05/L-043: 6). In December 2016, based on

Article 65 of the Constitution of the Republic of Kosovo, the Assembly of Kosovo approves the Law no. 05 / l-119 on Amending and Supplementing the Law no. 05 / l-043 on tax and public amnesty. The purpose of this law was to amend and supplement the Law no. 05 / L-043 on Tax and Public Amnesty, for the purpose of establishing a new legal deadline for tax amnesty benefit. Based on the provisions of the law, the right of businesses to benefit from tax and public amnesty was continued until 1 September 2017 (Ligji. Nr. 05/L-043: 1-3).

The second tax amnesty in the Republic of Kosovo is done in two periods. The first period included the amnesty of general tax debt (principal), penalties, interest and fines for the period 2000-2008, while the other period included only amnesty of penalties and interest for the period 2009-2014.

Based on the data of the Ministry of Finance, the amount of unpaid taxes and public debts since the war until 2008 was 670 million euros. Of this amount of debt, 465 million euros (69%) were debts to public enterprises, Kosovo Energy Corporation (KEK), Regional Water Companies (RWCs), Regional Waste Companies (RWCs), 154 million euros (23%) were debts of active businesses to the tax administration, and 57 million euros (8%) were debts to Kosovo Customs (GAAP, 2015: 5, ATK-RV, 2016: 15-16). Table 1, presents the total taxpayers debts to the Kosovo Tax Administration and public enterprises.

Table 1. The total taxpayers debts to the kosovo tax administration and public enterprises

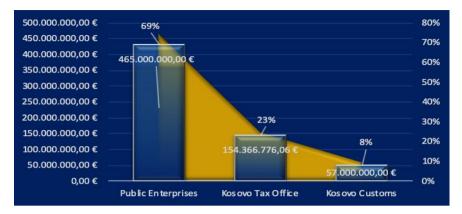| Debts for the period 2000-2008	Public Enterprises	Kosovo Tax Office	Kosovo Customs
	465,000,000.00 €	154,366,776.06 €	57,000,000.00 €
Debt Participation Rate%	69 %	23 %	8 %

Figure 2. The Total taxpayers debts to kosovo tax office and public enterprises

This overview contains a summary of taxpayers' debts for the period 2000-2008, divided into three categories, debts to public enterprises, debts to the Kosovo tax administration, and debts to Kosovo customs. The end of 2015 is characterized by a high intensity of taxpayers to sign agreements with public institutions and enterprises to benefit from tax amnesties. From tax amnesty in Kosovo, mostly benefited businesses owed to the tax administration, and to the Kosovo Energy, as well as citizens who owe property tax to municipalities and other public instituti-ons.

As a result of the second tax amnesty, the value of amnestied debts of businesses and households by public enterprises richeas amount of 115m euros. (KEK, 2017: 12, and KUR, 2017: 8). The adoption of the amnesty program by the government of the Republic of Kosovo is considered as a proper initiative, given the fact that the bulk of accumulated unpaid debts in these public enterprises were obsolete debts. Such amnesties program has facilitated the work of tax administration and the judiciary institution in the country.

2.1.During the Second Tax Amnesty Taxpayers' Debts to Kosovo Tax Office

Taxpayers contribute directly the financing of public programs such as education, health and social welfare by fulfilling their tax obligations. Table 2, presents the total taxpayers debts to Kosovo Tax Office.

Table 2. During the second tax amnesty taxpayers' debts to Kosovo tax office

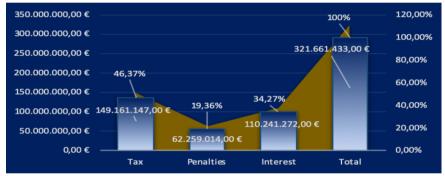| Tax Debt	Tax	Penalties	Interest	Total
Until 2017	149,161,147.00 €	62,259,014.00 €	110,241,272.00 €	321,661,433.00 €
Comparison Rate %	46.37%	19.36%	34.27%	100%

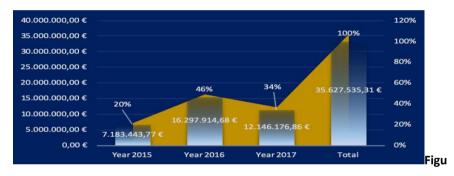**Figure 3. The total taxpayers debts to the Kosovo tax office**

The figure 3, shows that the total taxpayers debt (principal, penalties, fines, interest) to Kosovo tax office for 2017 amounts 321 million euros. The largest part of the debt consisted of the tax debt base (principal) over 46%, penalties over 19% and interest over 34%.

2.2.Amnestied Debts by the Kosovo Tax Office During the Second Tax Amnesty

The Government of the Republic of Kosovo has amnestied the debts of citizens and enterprises that have signed contracts for debt amnesty under the Law on Tax Amnesty 05/L-043. All persons and businesses with unpaided public debts

benefited from the second tax amnesty for period 2000-2008, with the only condition the unpaid tax obligations for the period 2009-2014 were fully paid (Ligji. Nr. 05/L-043: 4). Below table 3, presents the value of tax debts amnested by the Kosovo tax office.

Table 3. The value of taxes amnested by the Kosovo tax office during the second amnesty

Year 2015	Year 2016	Year 2017	Total
27,748,773.99 €	188,376,149.57 €	22,301,381.80 €	238,426,305.36 €
12%	79%	9%	100%

Figure 4. The value of taxes amnested by the Kosovo tax office during the second amnesty

As shown in figure 4, as a result of the second tax amnesty in 2015, Kosovo tax office since 2015 until September 2017 has amnested taxpayers' debts more than 238 million euros. The greatest interest of taxpayers to perform tax obligations was during 2016, where over 79% of the total tax liability was amnestied during the this year. In 2015 only 12% of tax debts were amnestied while in 2017, 9% of tax debts were amnestied.
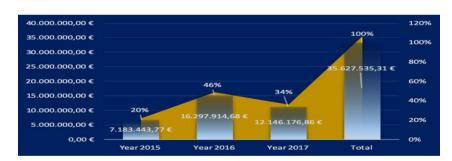
2.3.Tax Revenues from the Second Tax Amnesty

The tax amnesty introduced by the Government of the Republic of Kosovo in 2015 has amnestied the all tax debts, penalties, fines and unpaid interests for the period 2000-2008 as well as fines and interest for the period 2009-2014, with the only condition to perform full payment of the tax base (principal) for the period from January 1, 2009 until December 31, 2014, up to the deadline set by law, September 2017 (Ligji. Nr. 05/L-043: 4). Below table 4, presents the collected tax revenues as a result of second tax amnesty by the Government of Kosovo.

Table 4. Collected tax revenues as a result of second tax amnesty

Year 2015	Year 2016	Year 2017	Total
7,183,443.77 €	16,297,914.68 €	12,146,176.86 €	35,627,535.31 €
20%	46%	34%	100%

Source: (ATK-RV, 2015: 31, ATK-RV, 2016: 35, ATK-RV, 2017: 41)

Figure 5. Collected tax revenues as a result of second tax amnesty

As seen in figure 5, the second tax amnesty program in the Republic of Kosovo has brought more than 35 million euros tax revenues to the tax office. 2016 resulted to be the most efficient year, because during this year the tax administration has managed to collect over 46% of total revenues. While in 2015 were collected 20% of total revenues and 34% in 2017.

2.4.The Revenue Impacts During the Tax Amnesties in Kosovo

The relationship between taxes, tax revenues and tax amnesty impacts has been treated by many authors (Alm and Beck 1990, Luitel and Sobel 2007, Alm, Vazguez and Wallace 2009). Although over the past 30 years, tax amnesties for a long time have been practiced for the second or third time, so far only fewer studies have analyzed the impacts of a repeated tax amnesty. Also what is interesting in the studies done until now very little is known about the impact of the amnesty on international level, especially the amnesty practices in developing countries. Tax amnesty attorneys emphasize the immediate and short-term impact of tax amnesties on tax revenues as taxpayers attempting to take advantage of the grace period to pay the unpaid taxes. They also suggests that tax amnesties may increase tax compliance of taxpayers and companies if taxapayers returns in the cycle of educated taxapayers and if amnesty is associated with more stronger penalties after the tax amnesty for tax evaders (Alm vd. 2009: 236). Most often the success of an amnesty is measured in terms of revenue yield and attracting taxpayers by retaining them in the tax system and making this process sustainable in later years (Luitel ve Sobel, 2007: 22).

When we refer to tax amnesty practice in Kosovo, their impact on tax revenues was high. Since Kosovo's budget is dependent on customs and tax revenues. In both cases of tax amnesty in Kosovo, their role was important in collecting tax revenues. Tax amnesty practices in Kosovo are not high in number. Until today two tax amnesty laws have been enacted from the Republic of Kosovo. Tax amnesties in Kosovo have been implemented since 2008. Tax amnesties are used for political, economic and technical reasons, according to data tax amnesties are applied every 7 years in Kosovo.

When considering tax amnesties in Kosovo especially after 2008, it can be seen that the concept of creating additional resources has greatly influenced, so it is

clearly seen that economic expectations have affected the use of tax amnesty twice in Kosovo. Kosovo government announced the tax amnesty for the first time in the 2008.

Due to Kosovo's independence declaration, the period 2000-2008 was the period in which the government amnestied the tax debts of all taxpayers in country. The second tax amnesty issued in 2015 with the amnesty law 05/L-043, brought more than 35 million euro tax revenues to the tax office in Kosovo. In this regard, the effect of tax amnesties on tax revenues has been tried to be estimated with the statistical data below.

Table 5. Collected tax revenues from the first and second tax amnesty in Kosovo

Year 2008	Year 2015	Year 2016	Year 2017	Total
26,000,000.00 €	7,183,443.77 €	16,297,914.68 €	12,146,176.86 €	61,627,535.31 €
42%	12%	26%	20%	100%

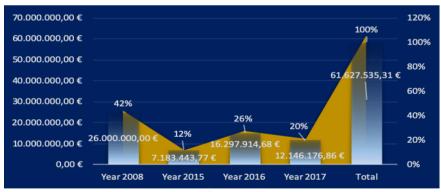**Source:** (ATK-RV, 2009: 21, ATK-RV, 2015: 31, ATK-RV, 2016: 35, ATK-RV, 2017: 41)

Figure 6. Collected tax revenues from the first and second tax amnesty in Kosovo

As seen in Figure 6, with the first application of tax amnesty in Kosovo during 2008, tax revenues have increased by more than 26 million euros. By the

second tax amnesty application in 2015, tax revenues increased more than 35 million euros. Tax revenues from both tax amnesties in the Republic of Kosovo exceeded 61 million euros. Table 6, presents information on budget revenues in Kosovo.

Table 6. Budget tax revenues in Kosovo

	2013	2014	2015	2016	2017
					000'
Budget Revenues	1,428,704	1,462,579	1,707,374	1,777,908	1,829,009
Tax Revenues and VAT on Imports	681,752	695,324	759,233	868,648	961,630
Customs Duties	423,091	441,809	486,522	527,355	604,310
Property Tax	1,600	12,200	6,600	25,128	24,670
Other Income	322,261	313,246	455,019	356,777	238,399

Source: (Raport Vjetor Financiar Buxheti i Republikës së Kosovës [RVFBRK], 2013-2017: 22, ATK-RV, 2013-2017: 14)

Figure 7. Budget tax revenues in Kosovo

As shown in Figure 7, the tax amnesties practiced in the Republic of Kosovo in 2015 significantly effects the general government budget income. In 2016,

immediately after the tax amnesty application there was an increase in the total income tax revenues. In 2016, VAT revenues collected from imports accounted 49% of total budget revenues. While in 2017 tax revenues grew steadily, tax revenues collected from VAT on imports accounted 53% of total budget revenues. The tax amnesty practiced in 2015 also had a significant impact on different customs revenues. In 2016, revenues from customs duties reached 30% of total budget revenues, while in 2017, customs revenues reached 33% of total budget revenues. In addition, in 2016 a significant impact of tax amnesty is also noted in property tax revenues, as a result of tax amnesty, property tax revenues reached 1% of total budget revenues.

3.EMPIRICAL STUDY AND DATA ANALYSIS

This section analyzes the impact of tax amnesties on tax revenues in Kosovo. The model which we have applied to understand the effects of tax amnesty has been adapted from a model used by Jayasingle (2010). While in this part of the study the purpose is to analyze the impact of tax amnesties on total tax revenues in Kosovo, the empirical study is based on the main tax revenue categories. For the years 2008-2017, was used a data analysis to determine the tax incomes from three tax categories. These are Corporate Tax, Personal Income Tax and VAT. In table 7, the descriptive analysis of GDP and inflation rates were used for the years 2008-2017.

Table 7. GDP, Inflation rate and tax ıncome data used in multiple regression model

Year	Amnesty	Tax Amnestia	GDP Growth	GDP	Inflation Rate	Corporate Tax	Tax on Personel Income	VAT	Total Tax Revenues
2008	0	3,000,000	4.0	3,900,000,000	9.4	34,285,126	53,246,197	55,802,521	143,333,844
2009	1	-	3.6	4,100,000,000	-2.4	55,355,226	70,994,172	83,245,187	209,594,585
2010	1	-	3.4	4,400,000,000	3.5	36,414,344	60,383,230	113,105,002	209,902,576
2011	1	-	4.5	4,800,000,000	7.3	54,564,163	70,994,172	121,437,993	246,996,328
2012	1	-	2.9	5,100,000,000	2.5	62,680,757	86,527,285	129,960,077	279,168,119
2013	1	-	3.4	5,300,000,000	1.8	64,110,827	90,505,837	149,184,989	303,801,653

2014	1	-	1.2	5,600,000,000	0.4	55,303,459	100,953,168	136,939,023	293,195,650
2015	0	27,748,774	4.1	5,800,000,000	-0.5	61,433,216	103,763,819	153,877,977	319,075,012
2016	0	188,376,150	4.1	6,000,000,000	0.3	81,278,873	113,488,895	180,363,400	375,131,168
2017	0	57,048,562 *	4.4	6,650,000,000	1.5	77,936,657	121,709,573	196,635,189	396,281,419

Source: (ATK-RV, 2015: s.31, ATK-RV, 2016: s.35, ATK-RV, 2017: s.41 and http://pubdocs.worldbank.org/e).

* Also includes debt forgiveness by public institutions.

Note: In order to be able to make analysis via SPSS system, years with amnesty was given value 0, and years wit-hout amnesty value 1 (For purposes of SPSS calculation).

The equation used to analyze the effects of tax amnesty and behavior of total tax income, is as follows:

$$Y = \alpha + b1\ X1 + b2\ X2 + b3\ X3 + \varepsilon$$

Where:

Y = dependent variable in this case Tax Income

X1 = GDP (millions)

X2 = Inflation Rate

X3 = Dummy variable for amnesty years

ε = Random error (the model is stochastic and includes values that are not included in the model)

The Dummy variable in this model covers the years 2008, 2015, 2016, 2017 where tax amnesty was practiced.

Regression Results;

Table 8. Multiple regression results

Regression Statistics

Method	Enter
Multiple R	0.986485
R Square	0.973153
Adjusted R Square	0.959730
Standard Error	15.63450
Durbin Watson	1.619
Observation	10

Anova

	Sum of Squares	df	Mean Square	F	Sig. F
Regression	53162.974	3	17720.991	72.497	0.000042
Residual	1466.626	6	244.438		
Total	54629.6	9			

Coefficients

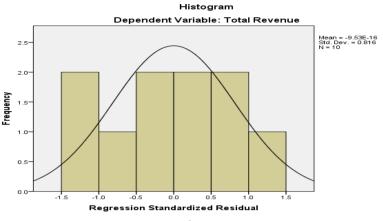|	Coefficients	Standard Error	t-statistics	P-value
Constant	-109.658	39.577	-2.771	0.032391
GDP	0.075	0.008	9.968	0.000059
Inflation Rate	-2.723	1.616	-1.685	0.143002
Dummy (Tax Amnesty)	0.168	0.104	1.609	0.158678

Figure 8. Histogram of multiple regression analyze

The equation of the Total Tax Income is as follows:

$Y = \alpha + 0.075\ X1 - 2.723\ X2 + 0.168\ X3 + \varepsilon$

In this analysis, while tax amnesty, GDP, and inflation rate were determined as independent variables, in this multiple regression model total tax revenue was defined as dependent variable.

In the model $R^2 = 97.31\%$, this proves that 97.31% of the dependent variable "Total Tax In-come" in this equation is explained by independent variables, GDP (trillions), inflation rate and tax amnesty. The remaining part of 3.69% is explained by variables that are not included in the model by random error.
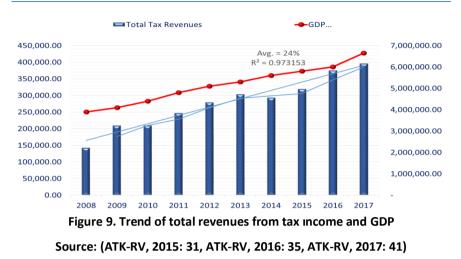
In the multiple regression model is selected the Enter method because none of the independent variables is not thought to be more important than other. In the model, contribution of each variable is evaluated. The Durbin Watson coefficient is used to test autocorrelation in the model. Durbin Watson's coefficient value in our study is DW = 1,619. Durbin Watson values are preferably from 1.5 to 2.5, these values shows that there is no autocorrelation.

ANOVA tables are important for testing the relationship of the model as a whole. The value of F's on our table is F = 72.497, it shows that our model is important at every level as a whole (Sig. = 0.000042). In the table of coefficients, are shown the results of predicted parameter values of the model and T values in relation to them. The statistical values of the parameters are presented for each variable separately, because they are important (at the 5% level). While above are shown the value of F used to test the importance of the model as a whole and the T statistic is used to test the importance of the variables separately.

In the table of coefficients, the constant value is negativ -109,658. The GDP parameter is 0.075. That means that the growth of a GDP unit, will increase the total tax income for 0.075 units. While the Inflation Rate parameter is -2,723. Where, according to this, the rise of unit of Inflation Rate will reduce the total income tax for 2.73 units. The Dummy Tax Amnesty parameter is 0.168. Where, according to this, the increase of a unit in Tax Amnesty will increase the total income tax for 0.168 units. Based on this equation the coefficient of GDP with a higher T value 9.968 and lower P value 0.000059, GDP is the most significant variable. Second variable is Inflation Rate, with negative T value (1.685) and lowest significance P value 0.143002 which is second significant variable, and third significant variable is dummy variable (tax amnnesty) with a P value of 0.158678, and its T value of 1.609. Different movements of total tax income during tax amnesty 2015-2017, could be the reason why the dummy variable is of lower significance. As seen in figure 9, actual total tax income in 2015, has a slight increase compared to 2017, while there is also a slight increase of GDP from 2015 to 2017. The figure below shows the mo-vement of tax revenues and GDP over the years.

Figure 9. Trend of total revenues from tax ıncome and GDP

Source: (ATK-RV, 2015: 31, ATK-RV, 2016: 35, ATK-RV, 2017: 41)

The results of this multiple regression analysis reveals that tax amnesty practices are an effective instrument for increasing the total revenue tax. The effects of tax amnesty based on regression results are obvious, tax amnesty has a significant effect on GDP variable and inflation rate. The effects of tax amnesty on the trend of tax revenues in the country can not be ignored, is seen that the tax revenues in the country during the period of tax amnesty has increased over 24%.

The impact of the tax amnesty reflected in all categories of tax revenues in Kosovo. Corporate Tax Income, as a result of tax amnesty have risen above 41%. Revenues from VAT, as a re-sult of tax amnesty have increased over 44%, as well Personel Tax Income, as a result of tax amnesty have risen above 21%.

Our estimation results from the basic specifications find that the 2015 amnesty led to a raise of tax revenues from the three categorise (Corporate Tax Income, Personel Tax Income, and VAT), and total taxes. The 2015 tax amnesty had a long-term pozitive impact on tax revenues. Although tax amnesties impose additional costs, the amnesty program in Kosovo has shown positive effects in

terms of cost reduction, generating income taxes and also prompting tax delinquents to participate in amnesty porgrams.

4.CONCLUSION

Tax amnesties, known as controversial tools for revenue collection, appears to have have reached their targets in Kosovo in terms of tax revenue rising. The effects of tax amnesty on the trend of tax revenues in the country can not be ignored, is seen that the tax revenues in the country during the period of tax amnesty has increased over 24%. However, the Kosovo government should seek to do more in reforming the tax system, encourage fiscal reforms and increase taxpayers' education levels. These should be the important steps that the Kosovo government should pursue to achieve a society in which the tax payment culture will become widespread. Instead of using the tax amnesty in Kosovo as a revenue collection tool, is more important making radical changes in tax system that do not require tax amnesties in the Kosovo. In the following we present the necessary recommendations for the required changes in the tax system of Kosovo;

- Tax rates should be reduced to a reasonable level and the tax bases should be expanded.

- The tax administration needs to be strengthened and equipped with a more advanced information technology.

- Tax laws should be made more readable and understandable.

- The Kosovo government needs to produce alternative policies to transform the informal economy into a regular economy.

- The efficiency of tax audits should be increased.

- It should be strengthened and supported the function of the tax administration and the judiciary.

- Necessary measures should be provided against tax evasion.

- Taxpayers should be taxed according to their financial power, those who earn less, should be taxed less, while those who earn more should be taxed more.

- Taxpayers' awareness should be increased to understand that tax consciousness and morality (tax culture) is a duty of citizenship.

- The Kosovo Government should encourage taxpayers for development and research in order to boost entrepreneurship in priority sectors and regions. And in certain cases, it is necessary to apply tax incentive practices such as tax deductions to influence rise of exports. As well as applying encouraging methods for new projects, such as tax deduc-tion from spending on innovative projects.

- Should be eliminated traditional methods of law enforcement such as penalties and intimidation, instead more fairer and mitigating measures should be used. Furthermore, it will be useful to use tax systems as a tool for more research, more investment in priority sectors/regions, encourage foreign investments, branding, training and employment-enhancing activities. In a state like Kosovo, the prioritie should be to increase the number of taxpayers and strengthen their economic performance.

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GENİŞLETİLMİŞ ÖZET

Giriş

Son otuz yılda, hükümetler dünyanın birçok ülkesinde, Amerika Birleşik Devletleri, Pasifik ülkelerinden (Avustralya, Filipinler) tutun da Latin Amerika ülkeleri (Meksika, Arjantin Panama, Bolivya, vb.), Avrupa ülkelerinden (Fransa, İtalya, Yunanistan, Avusturya, Finlandiya, Belçika, Portekiz, Türkiye, Kosova, Arnavutluk vb.) Asya ülkelerine (Rusya, Avustralya, Filipinler, Hindistan vb.) kadar hükümet programlarının bir parçası olarak vergi aflarını uygulanmışlardır. Vergi aflarının mali literatürdeki popülerliği ve siyasi çıkarlar sebebiyle, dünya genelinde birçok ülkede hükümetleri vergi affını tekrar etmeleri için teşvik etmiştir. Bugüne kadar yapılan uygulamalar, vergi aflarının azaltılmış idari maliyetlerle artan kısa vadeli gelirler üreten araçlar olarak ele alındıklarında avantajlarının yanı sıra dezavantajlara da sahip olduğunu göstermiştir.

Dünyadaki birçok ülke, temel olarak belirli politik, ekonomik ve sosyal nedenlerden ötürü ve uluslararası ticarete açık olmaları nedeniyle mali politikalarında vergi aflarını uygulamaktadır. Savaştan sonra Kosova'da ise hükümet, ilki 2008'de ikincisi ise 2015'te olmak üzere iki kez vergi affı uygulanmıştır. Bu çalışmada da, Kosava'da uygulanan vergi aflarının ülkenin gelirlerine nasıl etkilediği açıklanmaya çalışılmıştır.

Metod

Vergi aflarının etkisini anlamak için çalışmada uygulanan model, Jayasinghe (2010) tarafından kullanılan bir modelden uyarlanmıştır. Her ne kadar çalışmanın bu kısmında amaç vergi aflarının Kosova'daki toplam vergi gelirleri üzerindeki etkisini analiz etmek olsa da ana vergi gelir kategorilerinde ele alınmıştır. 2008-2017 yılları için üç gelir kategorisinden elde edilen vergi

gelirlerini tanımlayıcı bir veri analizi kullanılmıştır. Bunlar ise Kurumlar Vergisi, Kişisel Gelir Vergisi ve KDV'dir. Tablolar yardımıyla 2008-2017 yılları için GSYİH ve enflasyon oranlarının tanımlayıcı analizi kullanılmıştır.

Bulgular

Temel verilerden elde ettiğimiz tahminlere göre, 2015 vergi affı üç (Kurumlar Vergisi, Kişisel Gelir Vergisi ve KDV) kategorilerinde ve de toplam vergi gelirlerinin yükselmesine yol açtığı tespit edilmiştir. Bununla birlikte, 2015 affı vergilerden elde edilen gelirler üzerinde olumlu ve uzun vadeli bir etkisi olduğu tespit edilmiştir. Her ne kadar vergi afları ek maliyet getirse de, Kosova'daki af programı, maliyet düşürme, gelir vergisi yaratma ve de vergi suçlularının affetme programlarına katılmalarına olumlu etkileri görülmüştür.

Sonuç

Gelir tahsilatı için tartışmalı araçlar olarak bilinen vergi afları, ülkenin vergi gelirlerini artırmak bakımında Kosova'daki hedeflerine ulaşmış gibi görülmektedir. Vergi aflarının vergi geliri eğilimi üzerindeki etkisi göz ardı edilemez. Çünkü sonuçlar, vergi affı dönemi boyunca ülke genelinde vergi gelirleri artışının %24 civarında yükseldiğini göstermektedir. Buna rağmen, Kosova hükümeti mali reformların sürdürülmesini teşvik etmek ve vergi eğitiminin seviyesini artırmak için vergi sistemi içinde daha fazlasını yapmaya gayret göstermektedir. Bu konular Kosova hükümetinin vergi ödeme kültürünün yaygınlaştığı bir topluma ulaşmak için takip etmesi gereken önemli adımlar olmalıdır.

Kosova'da vergi aflarının bir gelir toplama aracı olarak kullanmak yerine, Kosova Vergi Sistemi'nde vergi aflarına ihtiyaç duymayacak köklü değişikliklerin yapılması yolunun seçilmesi büyük bir önem arz etmektedir.