

# **LEGAL GUIDE BUSINESS TYPES IN KOSOVA**

Designed for Entrepreneurs,  
Start-Ups, and Investors



**AMA IP-LEX**

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## Foreword

The business landscape in Republic of Kosovo is developing rapidly, offering increasing opportunities for entrepreneurs, investors, and foreign companies seeking to enter the market. Yet, understanding the legal foundations of doing business remains essential for anyone who wants to operate confidently, protect their assets, and comply with Kosovo's regulatory framework.

AMA IP-LEX has prepared this guide to provide clear, practical, and reliable information on the different business structures available under Kosovo law. Whether you are an individual entrepreneur starting your first venture, a local company expanding operations, or a foreign investor exploring Kosovo, choosing the correct legal form is one of the most important strategic decisions you will make. It affects everything—from taxation, liability, and management, to investment opportunities, compliance obligations, and long-term business growth.

Our aim is to simplify complex legal concepts into an accessible format, enabling every business—small or large—to understand its rights, duties, and the advantages of each entity type. By empowering business owners with accurate knowledge, AMA IP-LEX contributes to a more transparent, predictable, and investor-friendly business environment in Kosovo.

We remain committed to supporting entrepreneurs, companies, and investors with high-quality legal services, ensuring that every step they take is grounded in clarity, compliance, and strategic foresight.

Sincerely,  
Valon Kashtanjeva



Managing Partner  
AMA IP-LEX



## Legal Basis for Business Entities in Kosovo

The establishment and operation of business entities in the Republic of Kosovo are governed by a comprehensive legal framework designed to ensure clarity, transparency, and investor protection. The core legislation includes:

- **Law No. 06/L-016 on Business Organizations,**
- **Law No. 03/L-004 on Agricultural Cooperatives, and**
- **Law No. 03/L-087 on Publicly Owned Enterprises.**

The business forms covered in Sections 1–7 of this guide, particularly B.I., O.P., O.K., SH.P.K., SH.A., D.K., and Z.P.K., are all regulated by Law No. 06/L-016 on Business Organizations, which defines their establishment procedures, internal governance structures, liability regimes, and rules for restructuring or dissolution.

By contrast, Socially-Owned Enterprises, Publicly-Owned Enterprises, and Agricultural Cooperatives operate under separate legislation that reflects Kosovo's public-service framework, historical economic models, and agricultural development objectives. These specialized laws set out distinct rules on governance, ownership, oversight, and operational mandates for these entity types.

Together, this legislative framework ensures a coherent, predictable, and investor-friendly business environment aligned with European standards. Understanding the applicable legal basis is essential for entrepreneurs, investors, and foreign companies seeking to operate in Kosovo, as it enables them to:

- Select the most suitable organizational structure,
- Minimize legal and financial risks,
- Ensure compliance with regulatory and tax obligations, and
- Support sustainable and efficient business growth.

This guide provides a structured analysis of each business form recognized under Kosovo law, highlighting their characteristics, advantages, limitations, and regulatory implications to support informed decision-making and successful market entry.

## Company Registration in Kosovo

Before choosing the appropriate legal form, it is essential to understand the registration process and the institutional framework governing business establishment in the Republic of Kosovo. Business registration represents the first legal step toward formalizing entrepreneurial activity and gaining recognition before public authorities, financial institutions, and contractual partners.

The registration of businesses in Kosovo is carried out through the Kosovo Business Registration Agency (KBRA), functioning under the Ministry of Industry, Entrepreneurship and Trade. The process is efficient and can be completed both online and in person through municipal registration centers.

### Required Documentation

- The Founding Act or Articles of Association;
- Proof of identity for founders and directors;
- The business address and activity description;
- Any other documents required by law, depending on the chosen legal form.

### Company Name

The company name must be unique and distinct from existing registered entities. KBRA performs a name-availability check to ensure no duplication or potential confusion with previously registered businesses.

### Incorporation

Once the registration is approved, KBRA issues a Certificate of Business Registration, confirming the legal personality of the enterprise and granting it the right to operate within the Republic of Kosovo. This certificate serves as the company's official proof of existence and must be displayed at the business premises.

Understanding how a business is formally registered provides the foundation for selecting the right legal structure. The following chapters of this guide analyze in detail the different forms of business organizations recognized under Kosovo law, highlighting their respective legal characteristics, advantages, and limitations — from sole proprietorships to joint-stock companies, branches of foreign entities, and cooperatives.

## 1. Sole Proprietorship (Individual Business – B.I.)

A Sole Proprietorship (B.I.) is the simplest and most frequently used business form in Kosovo. Regulated primarily by Law No. 06/L-016 on Business Organizations and registered through the Kosovo Business Registration Agency (ARBK), this structure offers complete control to a single owner. However, it also exposes the owner to full personal liability, as there is no legal separation between the individual and the business.

### Legal Characteristics

- **No separate legal personality:**  
The business cannot own property independently, enter into contracts in its own name, or sue/be sued without involving the individual owner.
- **Unlimited personal liability:**  
The owner is personally liable for all business debts, obligations, taxes, damages, and contractual breaches. Creditors may seize personal assets.
- **Simple governance:**  
No board, shareholders, or corporate structure. The owner makes all decisions.
- **Registration requirements:**  
Registration with ARBK, identification documents, activity description, business address, and inclusion of “B.I.” in the official name.

### Legal Implications

- Creditors may pursue the owner’s personal property to satisfy business debts.
- Any breach, damage, or contractual dispute falls directly on the individual.
- The business cannot exist independently of the owner and typically ends upon their incapacity or death.
- All income is treated as personal income, and the owner must ensure compliance with tax authorities.

### Advantages

- Fast registration and minimal administrative burden.
- Full control over business decisions.
- No minimum capital requirement.

### Disadvantages / Risks

- Extremely high personal liability exposure.
- Difficult to attract investors or partners.
- Limited growth potential and operational scalability.

### Why It Matters

The B.I. is suitable for individuals testing business ideas or offering professional services but requires careful consideration due to the owner’s complete personal exposure to risk.

### Appropriate for

Freelancers, consultants, craftsmen, small traders, service providers, and entrepreneurs starting low-risk or small-scale activities.

## 2. General Partnership (Ortakëri e Përgjithshme – O.P.)

A General Partnership (O.P.) is formed by two or more persons who agree to jointly operate a business for profit. Governed by Law No. 06/L-016 on Business Organizations, this structure is built on mutual trust and active participation of all partners. While simple to establish, it carries strict liability rules that impose significant financial and legal responsibilities on each partner.

### Legal Characteristics

- **Unlimited and joint liability:**  
Each partner is liable for all partnership debts—both jointly (together) and severally (individually).  
A creditor may pursue one partner for the entire debt.
- **Mutual agency:**  
Every partner may bind the partnership legally unless a contrary agreement is registered.
- **Partnership agreement:**  
Though not mandatory, it is essential. It regulates capital contributions, profit-sharing, management roles, and exit procedures.
- **Name requirements:**  
Must include “O.P.”

### Legal Implications

- Each partner can be held liable for wrongful acts committed by another partner in the course of partnership activities.
- Personal assets may be used to satisfy partnership debts or legal judgments.
- Lack of a clear partnership agreement increases the risk of disputes and financial exposure.

### Advantages

- Simple structure compared to corporations.
- Better resource pooling due to multiple partners.
- Easier to establish compared to complex corporate forms.

### Risks

- Extremely high liability for all partners.
- Partners can be held responsible for wrongful acts of other partners.
- Disputes between partners can severely disrupt the business.

### Why It Matters

The O.P. is practical for small groups who collaborate closely, but it requires a high level of trust because partners share full responsibility and unlimited liability for all business obligations.

### Appropriate for

Professional groups such as legal practitioners (if allowed), architects, consultants, and small groups managing a business together.

### 3. Limited Partnership (Ortakëri e Kufizuar – O.K.)

A Limited Partnership (O.K.) is a hybrid business structure that combines active managerial partners with passive investors. It introduces a liability-saving mechanism within a partnership setting, offering flexibility for attracting capital while maintaining centralized management. Under Kosovo law, the O.K. is particularly useful when certain partners wish to invest without participating in daily operations.

#### Legal Characteristics

- **General Partners:**  
Have management rights and unlimited liability.
- **Limited Partners:**  
Provide capital but have limited liability, up to the amount of their contribution.  
They may not manage or represent the business.
- **Name Requirement:**  
Must include “O.K.”, and limited partners’ names must not appear in the business name.

#### Legal Implications

- If a limited partner takes part in management, they may lose liability protection.
- General partners run the business and bear personal liability similar to a General Partnership.
- Rights, responsibilities, profit-sharing, and management limitations must be clearly defined to avoid disputes.

#### Advantages

- Attracts investors who wish to limit exposure.
- Provides a hybrid structure combining active managers and passive investors.
- Flexible structure suitable for ventures that require funding from silent partners.

#### Limitations

- Not suitable when all partners wish to participate actively in management.
- Increased legal risk if limited partners unintentionally perform managerial acts.
- Requires strong documentation and a carefully drafted partnership agreement.

#### Why It Matters

The O.K. structure enables businesses to secure investment without sharing managerial control, offering a balanced model for projects that require both operational leadership and outside capital.

#### Appropriate for

Investment ventures, real estate and development projects, project-based financing, family businesses with passive contributors, and joint ventures requiring a mix of managerial control and outside capital.



## 4. Limited Liability Company (Shoqëri me Përgjegjësi të Kufizuar – SH.P.K.)

The Limited Liability Company (SH.P.K.) is the most widely used business structure in Kosovo—and for good reason. It provides strong legal protection, flexible governance options, and minimal formation requirements, making it suitable for companies of all sizes. From small family businesses to large international subsidiaries, the SH.P.K. offers a modern and efficient corporate framework aligned with international business standards.

### Legal Characteristics

- **Separate legal identity:**  
The SH.P.K. exists independently from its owners. It can own assets, sign contracts, and sue or be sued.
- **Limited liability for members:**  
Owners risk only the amount of their contribution, protecting personal assets.
- **No minimum capital requirement:**  
This lowers barriers for new entrepreneurs and makes Kosovo competitive.
- **Customizable corporate governance**

### Legal Implications

- Members' personal assets remain protected from company liabilities.
- The SH.P.K. must maintain a Founding Act and accurate ownership records.
- Required to keep proper accounts and file annual financial and tax reports.

### Advantages

- Very easy to establish due to no minimum capital requirement.
- Flexible management structure suitable for small or large companies.
- Attractive for foreign investors due to clear legal protections.
- Suitable for a broad range of commercial activities.

### Disadvantages

- Higher compliance requirements compared to a Sole Proprietorship.
- Ownership transfers may require approval, depending on the Founding Act.
- Potential for internal disputes if governance rules are poorly drafted.
- Limited capital-raising mechanisms, as SH.P.K. cannot issue tradable shares.

### Why It Matters

This structure offers the strongest balance between protection, flexibility, and ease of doing business. It accommodates everything from small family companies to major international subsidiaries.

### Appropriate for

Startups, SMEs, IT companies, service providers, manufacturers, and foreign companies seeking stable presence in Kosovo.

## 5. Joint Stock Company (Shoqëri Aksionare – SH.A.)

A Joint Stock Company (SH.A.) is the most advanced and highly regulated business structure under Kosovo law. It is designed for companies that require significant capital, operate on a large scale, or seek to attract multiple investors. Because of its formal governance system and strong transparency requirements, the SH.A. is typically used by major commercial enterprises, financial institutions, and businesses engaged in capital-intensive sectors.

The SH.A. structure aligns with European corporate governance standards and provides a credible, stable foundation for companies involved in public tenders, regulated activities, or substantial investment projects.

### Legal Characteristics

- **Minimum capital: €10,000**  
Higher capital may be required for specific regulated sectors.
- **Share-based ownership:**  
Shares are freely transferable unless restricted.
- **Corporate governance:**  
Requires a Board of Directors, corporate secretary, and sometimes an audit committee.
- **Separate legal personality.**
- **Name Requirement:**  
Must include “SH.A.”

### Legal Implications

- More detailed reporting and governance obligations.
- Suitable for attracting investment, including foreign institutional investors.

### Advantages

- Ability to raise significant capital.
- Credibility and formality beneficial for large tenders and contracts.
- Shares enable flexible ownership structures.

### Disadvantages

- Higher administrative and compliance costs.

### Why It Matters

The SH.A. structure provides the highest level of organizational formality and investor confidence. Its professional governance system, capital-raising capability, and regulatory transparency make it the preferred choice for companies operating at national or regional scale.

### Appropriate for:

Banks, insurance companies, telecoms, energy companies, manufacturing giants, and state-owned enterprises.

## 6. Foreign Company Branch (Dega në Kosovë – D.K.)

A Foreign Company Branch (D.K.) is a legal mechanism that allows an international company to operate in Kosovo without creating a new legal entity. The branch functions entirely as an extension of the foreign parent company and is typically used by corporations seeking direct control over their activities in Kosovo. Because it mirrors the parent company's legal identity, the D.K. structure is favored for commercial operations, project implementation, and long-term service provision.

### Legal Characteristics

- **No separate legal personality:**  
(Higher capital may be required for specific regulated sectors.)
- **No separate legal personality:**  
All rights and obligations of the branch are legally attributed to the foreign parent company.
- **Full commercial capacity:**  
A D.K. may conduct business, sign contracts, hire employees, and generate revenue.
- **Representative requirement:**

### Legal Implications

- The parent company bears full and unlimited liability for debts and claims arising from the branch.
- The branch must comply with Kosovo accounting rules and local tax obligations.

### Advantages

- Direct market entry without establishing a separate subsidiary.
- Full control by the parent company over operations and decision-making.
- High credibility for contracts with international clients, large tenders, and public projects.

### Disadvantages

- Unlimited liability for the parent company increases financial exposure.
- Registration requires extensive foreign documentation.
- Ongoing compliance with Kosovo reporting and administrative requirements.

### Why it Matters

The D.K. structure offers a fast, efficient, and legally recognized path for foreign companies to operate in Kosovo.

### Appropriate for:

International corporations, engineering and construction firms, IT and outsourcing companies, consultancy networks, and entities carrying out long-term projects or service contracts in Kosovo.

## 7. Representative Office (Zyra e Përfaqësisë – Z.P.K.)

A Representative Office (Z.P.K.) is the simplest and least risky form of foreign presence in Kosovo. It is created by a foreign company for non-commercial and non-revenue-generating activities, such as market research, liaison functions, promotional work, and establishing local contacts. Because it cannot conduct sales or commercial operations, the Z.P.K. is ideal for companies exploring the Kosovo market before making larger investments.

### Legal Characteristics

- **Non-commercial by law:**  
The Z.P.K. cannot sell goods, offer services, or generate income in Kosovo.
- **Permitted activities:**  
Market and feasibility research, Promotion and marketing, Networking, partnership development, Gathering business intelligence, Liaison and communication work
- **No separate legal personality:**  
It operates solely as an extension of the foreign parent company.
- **Simple registration:**  
Requires submission of basic corporate documentation, a local address, and a representative.
- **Name requirement:**  
The official name must include “Z.P.K.”

### Legal Implications

- Any violation of the non-commercial nature (e.g., invoicing, sales) may result in tax penalties or forced reclassification as a commercial entity.
- The parent company remains legally responsible for all actions of the Representative Office.

### Advantages

- Lowest administrative cost and compliance burden.
- Ideal for foreign companies testing the market.
- No need for capital investment or complex governance structures.
- No corporate tax liability, as there is no income.

### Disadvantages

- Cannot engage in trade, contracts for profit, or service provision.
- Not suitable for long-term operations or commercial engagement.
- Requires careful compliance to avoid misclassification.

### Why it Matters

A Z.P.K. allows foreign companies to build local presence, credibility, and market knowledge without the risks or costs of full commercial activity.

### Appropriate for:

Foreign companies evaluating market opportunities, developing partnerships, conducting research, or preparing for future investment or tender participation.

## 8. Socially-Owned Enterprises (Ndërmarrjet Shoqërore)

Socially-Owned Enterprises (N.Sh.) are legacy entities that originate from Kosovo's former socialist economic system, where assets were held as "social property." Under current Kosovo law, new SOEs cannot be created. The existing ones persist only as transitional structures and are administered exclusively by the Kosovo Privatization Agency (KPA).

These enterprises remain relevant due to their significant land holdings, industrial facilities, and commercial assets, many of which are subject to privatization, liquidation, or asset reorganization.

## 9. Publicly-Owned Enterprises (Ndërmarrjet Publike – POEs)

Publicly-Owned Enterprises (N.P.) are companies established by the Government of Kosovo—or jointly with municipalities—to provide essential public services. Unlike Socially-Owned Enterprises, POEs are modern corporate entities, structured and operated under Kosovo's corporate and public-sector legislation.

They play a central role in sectors such as water supply, electricity distribution, waste management, transport, and other services of general public interest. POEs follow governance standards similar to private companies but are subject to stricter oversight and transparency rules due to their public ownership.

### Legal Characteristics

- **Organized as Joint Stock Companies (SH.A.):**  
Although publicly owned, POEs are required to operate under the corporate framework applicable to SH.A. entities, including formal governance and reporting structures.
- **Public ownership:**
  - Fully owned by the Government of Kosovo, or
  - Jointly owned by the Government and municipalities (Local Public Enterprises – LPEs).
- **Governed by special legislation:**  
Primarily Law No. 03/L-087 on Publicly-Owned Enterprises, in addition to sector-specific regulatory laws (e.g., energy, water services, telecommunications, waste management).
- **Regulated corporate governance:**  
POEs must maintain a Board of Directors, internal audit mechanisms, and performance management units. Board appointments and oversight follow strict legal procedures to ensure accountability and professional standards.

### Legal Implications

- POEs are obliged to comply with public procurement rules, anti-corruption standards, and reporting obligations toward government oversight agencies
- Employment, financial management, and corporate governance practices are monitored closely by responsible ministries and independent regulatory bodies.
- Sector regulators (e.g., Energy Regulatory Office - ERO, Telecommunications Regulatory Authority - ARKEP, Water Services Regulatory Authority) impose operational, licensing, tariff, and service-quality requirements.



### Advantages

- Strong institutional credibility due to public ownership and regulatory oversight.
- Monopoly or semi-monopoly positions in essential public-service sectors (water, electricity distribution, waste management, public transport).
- Access to government infrastructure, long-term planning frameworks, and potential public investment support.

### Disadvantages

- Extensive regulatory and reporting obligations increase administrative burden.
- Limited operational flexibility due to public-sector constraints, statutory rules, and political accountability.
- Subject to public scrutiny, political influence, and higher reputational risk.

### Why It Matters

Publicly-Owned Enterprises are central to Kosovo's public-service ecosystem. Their legal and governance frameworks ensure reliability, transparency, and public accountability. Understanding POEs is essential for businesses interacting with public utilities, investors exploring PPP opportunities, and legal practitioners advising on regulatory compliance or tender participation.

### Appropriate for

Suppliers and service providers working with public utilities, investors pursuing PPP/PFI partnerships, infrastructure developers, and legal professionals handling regulated-sector work, public procurement, or corporate governance in public entities.

## 10. Agricultural Cooperatives (Kooperativat Bujqësore)

Agricultural Cooperatives are specialized commercial entities established under Kosovo law to support collective agricultural production, marketing, and resource-sharing among farmers. They are regulated primarily by Law No. 2003/9 on Agricultural Cooperatives **and** Law No. 03/L-004 amending the original legislation.

The cooperative model enables farmers to pool resources, reduce costs, increase market competitiveness, and access grants or development programs that require collective organization. It is a key instrument in strengthening Kosovo's agricultural sector and rural economy.

### Legal Characteristics

- **Minimum five (5) founding farmers:**  
Cooperatives can only be formed by at least five individuals or legal entities engaged in agricultural activity.
- **Share-based capital:**  
The capital is divided into equal-value shares, with a **minimum value of €10** per share.
- **Independent director:**  
The director/manager of the cooperative **cannot** be a member, ensuring impartial management and stronger internal governance.

- **Members' contributions:**

Members may contribute financial capital, land-use rights, equipment, livestock, or other agricultural assets.

- **Purpose of the cooperative:**

Agricultural cooperatives enable farmers to work collectively in production, procurement, processing, and market distribution while sharing access to technology and essential services.

### Legal Implications

- Cooperatives operate as commercial entities but follow a special legal framework distinct from SH.P.K. or SH.A. structures.
- Members share decision-making power through the Assembly of Members.
- Surpluses are distributed proportionally based on each member's contribution or participation, according to the cooperative statute.
- They are eligible for agricultural subsidies and support schemes when organized according to legal requirements.

### Advantages

- Reduced production and operational costs through shared resources.
- Stronger market position and collective bargaining power.
- Better access to government grants, donor-funded projects, and EU rural development programs.
- Facilitates modernization of agricultural practices and technology adoption.

### Disadvantages

- Requires high trust and cooperation among members.
- Limited flexibility compared to private-enterprise companies.
- Decision-making may be slower due to collective governance.
- Potential for internal conflicts if roles and responsibilities are unclear.

### Why It Matters

Agricultural Cooperatives play a vital role in improving productivity, competitiveness, and financial sustainability in Kosovo's agricultural sector. They empower farmers by combining resources, reducing risk, and enabling participation in larger markets and support programs.

### Appropriate for

Farmer groups, agricultural producers, agri-business clusters, dairy or livestock associations, processing initiatives, and rural development projects requiring collective organization.

## Closing Note

This Legal Guide has been prepared to provide clear and practical support for entrepreneurs, investors, legal professionals, and foreign companies navigating the business environment of the Republic of Kosovo. Selecting the appropriate business form is a strategic decision that shapes a company's governance, liability, taxation, and long-term direction.

As Kosovo continues to align its regulatory framework with European standards and strengthen its institutional capacities, informed choices become increasingly important for competitiveness, compliance, and sustainable growth. Understanding the key characteristics, advantages, and obligations of each business structure enables companies to operate with confidence and build a solid foundation for development.

AMA IP-LEX remains committed to supporting businesses and investors with accurate legal guidance and strategic advisory services. Whether you are establishing a new enterprise or expanding your presence in Kosovo, our team ensures that every step is compliant, well-structured, and aligned with your objectives.

### AMAIP-LEX

**Protecting innovation, investment, and integrity.**