

Tax News

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VAT

As of 7 September 2015, VAT reimbursement requests should be submitted to the VAT Reimbursement Directorate at the General Tax Directorate. All requests for reimbursement submitted before that date will continue to be reviewed by the respective Regional Tax Directorate. Any request on or after that date will be considered by the Revenue Assessment and Accounting Directorate, until the creation of the VAT Reimbursement Directorate.

VAT reimbursement procedures for supply of goods and services in relation to financing agreements, diplomatic and consular relations, transactions with international organisations and NATO forces are detailed in Instruction No. 6 dated 30 January 2015, "On Value Added Tax".

[Source: Instruction No. 6/4 dated 4 September 2015, issued by the Minister of Finance, Official Gazette No. 156 published on 7 September 2015.]

Tax Procedures

As of 7 September 2015, new amendments apply to tax procedures:

- As mentioned in the previous section, significant changes concern the explanation of the VAT reimbursement procedure and the passing of responsibility to the newly established VAT Reimbursement Directorate.
- Final court decisions on tax issues will be published by the tax administration via a dedicated internet link.
- The threshold has been doubled from ALL 20,000 to ALL 40,000 for the value of a sale above which taxpayers conducting retail sales who are subject to VAT or income tax are bound by the legal obligation to issue a fiscal invoice in addition to the fiscal coupon.

- A clarification is made that not only for debit amounts of up to ALL 100, but also for credit amounts of up to ALL 100, the value of the debit or credit will be considered to have value 0 and for such sums no tax assessment is performed by the tax administration.
- It is clarified that the statute of limitation period of five years to request a VAT reimbursement starts from the submission date of the respective tax declaration.
- The Tax Appeal Directorate should give its decision within 60 days and never longer than 90 days.

Penalties for non-compliance with tax procedures

Significant amendments have also been introduced regarding penalties.

- The respective penalties for failing to update any registration information with the National Registration Centre have been reduced as follows:

Taxable Subject	Was	Becomes
Taxpayer subject to simplified income tax	25,000	10,000
Taxpayer subject to CIT	25,000	15,000
Non-profit organisation	25,000	10,000

- The new instruction emphasises that the daily interest penalty of 0.06% is applicable for up to 365 days for all types of tax obligations.
- The concept of what is considered tax evasion has been broadened to include the following:
 - Failure to declare employees;
 - Taxpayers that store, use or transport goods without the respective tax documentation;
 - Failure to install a fiscal device or issue a fiscal coupon.
- Other penalties in ALL are amended as in the following table:

Failure to declare new employees		
Taxable Subject	Was	Becomes
Taxpayer not subject to VAT or CIT (first instance)	250,000	50,000
Any taxpayer (repeated instance)	Possible suspension	Tax evasion criminal charges
Failure to install fiscal device		
Any taxpayer (first instance)	100,000	50,000
Any taxpayer (subsequent instances)	500,000, suspension, closure	Goods sequestration, tax evasion criminal charges
Deadline for acquiring fiscal device for new users	10 days	15 days
Fiscal device not in working condition		
All taxpayers	80,000	40,000
Failure to report and / or record fiscal device malfunction		
All taxpayers	50,000	25,000

[Source: Instruction No. 14/1 dated 4 September 2015, issued by the Minister of Finance, Official Gazette No. 156 published on 7 September 2015; Law No. 92/2015 dated 23 July 2015, issued by Presidential Decree, Official Gazette No. 144 published on 7 August 2015.]

Fiscal Amnesty

Effective 31 July 2015, all the administrative penalties related both to the late filing and late payment of social and health contributions for the period until December 2014 will be completely waived. All the penalties already part of administrative or legal appeals fulfilling the criteria above will also be included in the fiscal amnesty. Penalties which have been already paid will not be returned. Within three months from the amnesty's publication, all penalties will be cancelled in the fiscal system. The list will be published on the General Tax Directorate's official website.

[Source: Law No. 66/2015 dated 2 July 2015, issued by decree of the President of the Republic upon recommendation from the Council of Ministers, Official Gazette No. 122 published on 16 July 2015]

Social and Health Contributions

The following changes apply to Decision No. 77, dated 28 January 2015, of the Council of Ministers "On the Mandatory Contributions and Benefits from the Social and Health Security System". All the values in the table below are in ALL on a monthly basis:

Category	Total Contribution		Social Contribution		Health Contribution	
	Was	Becomes	Was	Becomes	Was	Becomes
Self-Employed	4,246	4,696	2,750	3,200	1,496	1,496
Home-Worker	3,498	3,948	2,750	3,200	748	748

For self-employed individuals in the agricultural sector, the annual social contribution has been increased to ALL 38,400. For those living in Bulqizë, Dibër, Gramsh, Has, Kolonjë, Kukës, Librazhd, Malësi e Madhe, Mat, Mirditë, Pukë, Skrapar, Tepelenë and Tropojë, the contribution has been increased from ALL 25,300 to ALL 29,400.

For carers for paraplegic and tetraplegic individuals, as of 1 January 2015, 1.7% of the minimum wage will be paid out in all instances of maternity or work-related accidents. The decision applies as of 1 August 2015.

[Source: Decision No. 653 dated 22 July 2015, issued by the Council of Ministers, Official Gazette No. 138 published on 3 August 2015.]

New Legislation

Voucher Scheme

A new voucher scheme has been created to support the co-financing of micro, small and medium enterprises through grants. It can cover up to a maximum of 85% of the individual costs of an applicant, with an upper limit per beneficiary of ALL 350,000. The total fund available is ALL 9 million, with ALL 1 million available in 2015 and ALL 4 million in each of 2016 and 2017. A list of eligibility criteria has been established for companies seeking to obtain funding for the development of new products, and improving technological processes and their business models.

The scheme will provide the necessary know-how, expertise, business development plans and good practices which have not been applied before in the local market, boosting competitiveness and economic performance.

[Source: Decision No. 715 dated 26 August 2015, issued by the Council of Ministers, Official Gazette No. 154 published on 2 September 2015.]

Hydrocarbons Industry

A new decision has been issued approving the criteria and procedures for the provision of professional permit certificates for activities including the research and implementation for the exploration, production, processing, transportation, storage and trade of hydrocarbon materials.

The decision supplements the law “On the Natural Gas Sector” and defines that professionals engaged in this activity need to possess a licence in “Expertise services and / or professional services related to hydrocarbon sources”. The licence is granted by the National Licensing Centre. Any company which wishes to engage in such activities needs to employ at least one certified specialist with this licence. The decision describes the procedures and requirements that need to be followed in order to obtain the aforementioned certificate.

[Source: Decision No. 551 dated 18 June 2015, issued by Ministry of Energy and Industry, Official Gazette No. 108 published on 26 June 2015; Decision No. 101 dated 17 July 2015, Official Gazette No.126 published on 21 July 2015, issued by the Ministry of Energy and Industry.]

Pension Schemes

The new pension scheme provides that people who have been residents in Albania for at least the last five years or are at least 70 years old are eligible for a partial social pension equal to the difference between the full social pension and the monthly income declared and accepted by the regional social security office. The new instruction provides a list of the income which will be deducted by the full pension in these instances and will include income from land, income from shares owned in a firm, income from immovable individual property held for income purposes, monthly income from bank deposits. The calculation is performed by the regional social security office inspector.

Under a separate Decision, No. 651 determined that based on the calculations of the Albanian budget for 2015, almost all pensions in Albania will be indexed by 1.4%. Indexing will be valid only for pensions first disbursed as of 31 July 2015.

[Source: Instruction No. 20 dated 6 July 2015, issued by the Minister of Youth and Social Wellbeing, Official Gazette No. 119 published on 10 July 2015; Decision No. 651 dated 22 July 2015, issued by the Council of Ministers, Official Gazette No. 138 published on 3 August 2015.]

Customs

An amendment to Instruction No.25 dated 30 November 2007 “On the procedures for reviewing the customs value, sources of information and deadlines for the publication of the folder with the data available, as well as customs clearance of vehicles and their spare parts” foresees an increase in minimum reference values for customs clearance for vehicles not published in bulletins of the official sources of information (which means vehicles older than 10 years) according to the following mapping (all the values below are in ALL):

For auto-vehicles (cc range)	Was (ALL)	Becomes (ALL)
< 1,400 cc	100,000	130,000
1,400 – 1,900 cc	150,000	200,000
1,900 – 2,500 cc	250,000	325,000
2,500 – 3,000 cc	300,000	400,000
3,000 – 4,500 cc	350,000	500,000
> 4,500 cc	350,000	800,000
For Pickups, vans and trucks		
< 1.5 tonnes	480,000	400,000
1.5 – 3.5 tonnes	600,000	600,000
3.5 – 10 tonnes	840,000	850,000
10 – 15 tonnes	840,000	1,000,000
> 15 tonnes	840,000	1,200,000

[Source: Instruction No. 24 dated 11 September 2015, issued by the Minister of Finance, Official Gazette No. 162 published on 16 September 2015.]

Eurobonds

New tax incentives will be available for agreements concerning the issuance of financial instruments of the type Eurobond by the Minister of Finance, in accordance with Law 9665 dated 18 December 2006 “On state borrowing, state debt and state loan guarantees in the Republic of Albania”. The new law provides that holders of Eurobonds are exempt from income tax, VAT and any other tax in the Republic of Albania for all the transactions and activities related to issuing, holding, retaining and trading of Eurobonds.

[Source: Law No. 67/2015 dated 2 July 2015, issued by the Minister of Finance, Official Gazette No. 120 published on 14 July 2015.]

Economic Zones

Decision No. 646 issued by the Council of Ministers defined the formal procedures and criteria for the selection of developers in technological and economic development zones. Moreover, decision No. 647 defined a set of fiscal facilities available to companies that decide to engage in the technological and economic development of such a zone. Amongst the main benefits are zero rate VAT for imports related to firms' activity, reduction by 50% of the income tax burden for the first five years of activity, recognition as tax deductible for a two-year period of 20% of the yearly capital expenses within the first three years of operation, exemption from the local infrastructure tax, exemption from the immovable property tax for five years, exemption from property transfer tax and, finally, recognition to a varying

degree of expenses for social and health contributions, employee training, research and development.

In a separate decision, it was confirmed that the surface area of 501.9 hectares, part of cadastral area No. 8517 in Spitallë, Durres will be a technological and economic development zone. The zone will be functional for 99 years and be a centre of production, industry, agro-processing, trade and warehousing of goods and / or services. The developers will be selected based on a set of pre-determined environmental and economic criteria. No limits will be in place for the initial bidding.

[Source: Decision No. 646 dated 22 July 2015 issued by the Council of Ministers, Official Gazette No. 140 published on 4 August 2015; Decision No. 647 dated 6 August 2015, issued by the Council of Ministers, Official Gazette No. 143 published on 6 August 2015; Decision No. 666 dated 29 July 2015, issued by the Council of Ministers, Official Gazette No. 143 published on 6 August 2015; Decision No. 698 dated 20 August 2015, issued by the Council of Ministers, Official Gazette No. 151 published on 20 August 2015.]

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