

Tax Alert

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Social and Health Contributions

Minimum Wage for Professional Economic Activity

The Constitutional Court of the Republic of Albania has repealed article 4 of Law No. 143/2015 “On some amendments and additions to Law No. 9136, dated 11 September 2013 “On the collection of mandatory social and health contributions in the Republic of Albania”. It specifically repealed the provision which allowed for the level of the minimum wage for social and health contribution purposes to be determined by the type of professional activity, the specific location where the activity takes place, the number of years in the profession, the number of employees, the wage level for a similar job in the public sector, the number of years both according to the professional licence and the status of the profession.

The respective by-law, Decision No. 37, dated 21 January 2016 “On the determination of the monthly wage for the purpose of calculating the mandatory social and health contributions for people registered as self-employed, who perform professional economic activity and the unpaid employees who live with them” has also been repealed. It contained a detailed table with the rates and criteria for each professional category for tax purposes.

The decision came into effect on 20 September 2016.

Insurance Benefits and Taxable Base

A new decision by the Council of Ministers amended Decision No. 77 “On the mandatory contributions and benefits from the social and health insurance system”. Some of the decision’s main additions and amendments are:

- Short-term benefits for sickness, maternity and work-related sickness and injury paid by the government to employees are to be transferred directly to an employee bank account. It is no longer possible to transfer such benefits to the employer's account;
- A new item in the legislation now unequivocally states that the taxable base for the calculation of mandatory supplementary contributions for employees is the full gross wage.

[Sources: Decision No. 60, dated 16 September 2016, issued by the Constitutional Court, Official Gazette No. 172 published on 20 September 2016; Decision No. 551, dated 27 July 2016, issued by the Council of Ministers, Official Gazette No. 147 published on 5 August 2016.]

Labour Regulations

A new decision has been introduced supplementing item 2 of article 11 and item 3 of article 23 of Law No. 10237 “On workplace health and safety”. The articles cover the rules, procedures and types of medical examinations which must be performed in accordance with the type of work performed by the employee and the manner (including the norms, rules and procedures) in which medical services in the workplace should function, respectively.

Employers have one year from the enactment of the decision to implement the rules and procedures for professional sickness examinations, as well as those for initial and periodic medical checks for employees. The decision came into effect on 15 September 2016 upon its publication in the Official Gazette.

[Source: Decision No. 639 dated 7 September 2016, issued by the Council of Ministers, Official Gazette No. 171 published on 15 September 2016.]

Immovable Property

An instruction auxiliary to the recently enacted Law No. 81/2016 “On the reassessment immovable property” has been introduced which provides greater detail and clarification on the legal and administrative procedures to be followed by individuals or juridical persons who want to reassess the value of their property.

The instruction provides a sample of the forms that each applicant has to submit to the local immovable property registration offices. For more details regarding the provisions of the law please refer to our previous issue of the tax alert for August 2016.

Some of the main additional clarifications provided in the instruction are:

- An analytical statement of the accounting value of the immovable property reassessed must be attached to the financial statements covering the respective tax period during which the reassessment is performed;
- For juridical persons, in order to reassess their immovable property it needs to be classified as a non-current asset in the financial statements for year 2015;
- Individuals and juridical persons have to file separate applications for each distinct property they wish to reassess;

- For juridical persons, the reassessment can only be performed through a certified independent valuation expert's evaluation, which has to be attached to the application submitted to the tax authorities;
- For individuals, the reassessment can be performed either through a certified independent valuation expert's evaluation or through an application to the Real Estate Registration Office for a tariff of ALL 700 for each property assessment.

[Source: Joint Instruction of the Justice Minister and the Finance Minister no.19, dated 26 August 2016, Official Gazette No. 162 published on 29 August 2016.]

Customs

A new instruction provides a detailed description of the procedures that diplomatic missions, special missions accredited in Albania and international organisations recognised as such by the Republic of Albania have to perform in order to benefit from the exemption of combustible fuels from import duties, excise taxes and VAT.

The instruction provides a form which has to be submitted by these organisations to the Customs Authorities in order to benefit from the exemptions. The Customs Authorities approve or reject applications within three days.

[Source: Instruction No. 17, dated 26 July 2016, issued by the Council of Ministers, Official Gazette No. 175 published on 22 September 2016.]

Recent Developments

Vasilika Vjero has been appointed as the new director of the General Tax Directorate, replacing Brisida Shehaj.