

Newsflash

Tax Services Group

NF 2010 / 5



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Dear Reader,

I have the pleasure of sending you our publication, **Newsflash**, which will brief you with the most recent changes and expected changes to tax and tax-related legislation in Albania.

This is part of how PricewaterhouseCoopers can add value to your business.

Yours faithfully,

Laura Qorlaze
Director

Value Added Tax (VAT)

Based on the decision of the Council of Ministers dated 3 February 2010 and on Instruction No. 2, dated 28 January 2010, issued by the Ministry of Finance, all taxpayers must submit tax returns and sales and purchase books electronically.

The deadline for the electronic filing of VAT books is the **5th day of the** following month, while the deadlines for the electronic submission of tax returns are as follows:

- VAT returns on the 14th day of the following month.
- Social and Health Contribution tax returns on the 20th day of the following month.
- Personal Income Tax returns on the 20th day of the following month.

Based on Instruction No. 2, dated 28 January 2010, issued by the Ministry of Finance, the following regulations will enter into force from 17 February 2010:

Rent of buildings

The rent of buildings is a VAT-exempt supply. However, if the taxpayer so wishes it can be considered taxable provided that the following conditions are met:

- The lessor submits to the tax authorities a declaration stating that the rent of the building will be considered as a taxable supply.
- If the lessee performs exempt activities, the lessor should also submit to the tax authorities the contract between the lessor and the lessee where the parties agree that the rent of buildings will be considered as a taxable supply for VAT purposes.

VAT on fuel

VAT on the purchase of fuel used wholly and exclusively for business activities is creditable only up to a limit represented by a certain percentage of the annual total turnover of the taxpayer. The percentages are given in the table below:

ACTIVITY	VAT CREDIT LIMIT (percentage of total turnover)
I. CONSTRUCTION	
Production of inert materials	25%
Roads, construction and paving	20%
Construction of buildings and other objects	6%
Concrete production	14%
II. TRANSPORT	
Transport of passengers	18%
Transport of goods	15%
III. TRADE	3%
IV. OTHER ACTIVITIES	2%

For further details please visit our website www.pwc.com/taxsummaries, or contact

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Corporate Income Tax

According to Law No. 10,228, dated 4 February 2010, the following will enter into force from 12 March 2010:

The costs of the purchase, construction, improvement, restoration and reconstruction of buildings, and of machinery and equipment in long-term service will be calculated separately for the purposes of depreciation, **based on the reducing balance method**, at the rate of 5%.

Note: The draft law changes published in our previous newsflash have now entered into force.

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