

# *Working* in Albania

*In this leaflet you will find important information about immigration issues for expatriates coming to work in Albania, with focus on work permit, residence permits and social security and health contributions in **Albania**.*

*It is not intended to be a comprehensive or exhaustive study of Albanian immigration and tax law. Rather, it should be used as a guide as you prepare for your assignment in **Albania**.*

## **Expatriates**

An expatriate is considered as a foreign national working under an Albanian employment contract or under a secondment agreement.

### **Residence and work permits requirements for expatriates working in Albania**

An expatriate can work in Albania after being issued with a work permit.

An expatriate must also apply for a residence permit if his/her stay in Albania exceeds 90 days within a 180 day period.



### **Work Permit**

When employing a foreign employee, the employer must notify the Labour Office and the Directory of Borders and Immigration within 8 days from the commencement of the employment relationship.

There are several types of work permit that foreign employees can apply for, depending on the purpose of their work in Albania. These consist of:

- a) work permits of type “A” are relevant for economic activities as an employee;
- b) work permits of type “B” are relevant for independent economic activities;
- c) work permit of type “C” are for special occasions;
- d) work permit of type “D” are for foreigners eligible for a permanent work permit.

The application for a work permit is filed at the Directory of Migration, Labour Office, at the Ministry of Social Wellness and Youth.

### ***Timeframe for issuance of the work permit***

The work permit is issued within 30 days from the submission of the required documentation by the applicant.

### ***Term of a work permit***

An initial work permit can be granted for a maximum period of 1-5 years, depending on the type of permit, subject to renewal(s) (except for seasonal work permits) for consecutive period(s) till, when applicable, the issuance of a permanent permit.

The request for renewal is submitted at least 30 days before the expiration of the existing permit. The competent authority issues the renewed permit within 30 days from submission of the complete application and fulfilment of the conditions for renewal.

### ***Exemption from work permit***

Citizens of the European Union and the Schengen Area are exempted from the obligation to obtain a work permit during their work in Albania. However, this category of expatriates is required to obtain the "Exemption from Work Permit", which is a document released by the Labour Office after submission of the complete documentation. A procedure similar to the one for obtaining the work permit is applied.

Citizens of the United States enjoy employment rights equal to those of Albanian citizens.

### ***Residence Permit***

A foreigner should apply for the issuance of a temporary residence permit not later than 30 days after his/her entry into the territory of Albania and, for the renewal of the same, no later than 60 days before its expiration. Such applications should be submitted to the Directory of Borders and Immigration at the Ministry of Internal Affairs. Citizens of the United States benefit from a favourable regime, which allows them to stay in the Republic of Albania for at least one year without a residence permit.

Residence permits can be renewable or non-renewable and can be issued for a fixed term or permanent term, depending on the type of employment, period of employment and/or the qualifications of the employee.

### ***Term of a residence permit***

Residence permits can be granted for the following terms:

- Three months
- Six months
- One year
- Two years
- Five years
- Permanent

A three-month, six-month, or one-year permit can be renewed only five consecutive times. A foreign individual can apply for a permanent residence permit if he/she has had a legal stay for five consecutive years in the Republic of Albania and he/she continues to have a connection or activity in Albania.

### ***Timeframe for issuance of the residence permit***

The competent authority issues a temporary residence permit to the applicant at the time of submission of the relevant documents and releases the final residence permit within 60 days.



## **Albanian social security system**

The Albanian social security system consists of social security insurance and health insurance which, together, form the Social Security and Health Contribution scheme (SHC).

The SHC scheme is non-profit making and intervenes in the following cases of wage loss:

### **a. Economically active persons (employed persons):**

- Temporary inability to work due to illness.
- Maternity.
- Old age.
- Disability.
- Loss of the wage earner of the family.
- Accidents at work.
- Occupational diseases.

### **b. Other economically active persons (employers and the self-employed):**

- Maternity.
- Old age.
- Disability.
- Loss of the wage earner of the family.

Social security and health contributions are compulsory for all economically active persons with a permanent residence in Albania and include employed, self-employed, unpaid family workers and other economically active persons.

Compulsory social security and health contributions also cover the economically inactive persons; payment of whose contributions is financed from the state budget.

When an individual, subject to compulsory social security and health contribution scheme contributions, is no longer obliged to pay for one of a number of reasons, he/she can continue the contribution under a voluntary scheme.

In addition, voluntary contributions are possible for students who are undergraduates, provided that the insured person pays contributions for the period prior to becoming entitled to benefits.

All the individuals who have contributed to their social security and health contribution scheme are entitled to a range of benefits including:

- a) Retirement pension.
- b) Survivor's pension.
- c) Sickness benefit.
- d) Benefit from disability at work.
- e) Benefit from involuntary loss of employment.
- f) Maternity benefit.

## **Employee contributions**

Albania applies a system of minimum and maximum thresholds when calculating social security contributions.

For social security contribution purposes, employees in Albania are subject to a rate of 9.5% of their monthly salaries, up to the monthly maximum threshold established for such purposes. Whereas for health contribution purposes, employees in Albania are subject to a rate of 1.7% of their monthly salaries and no maximum threshold is applied.

The maximum threshold for the payment of social security contribution is usually adjusted yearly, yet the maximum employee contribution for such purposes stays at approximately EUR 70 - EUR 100.

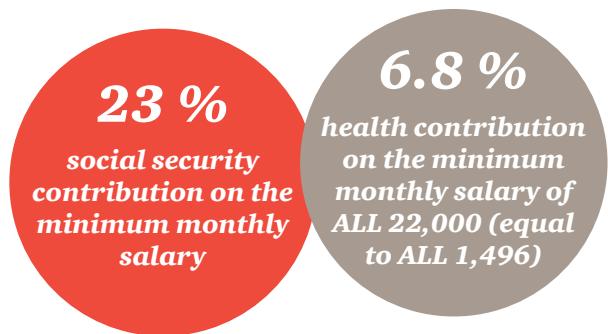
## **Employer contributions**

Employers in Albania are subject to social security contributions at the rate of 15% applied to the employees' monthly salaries up to the maximum threshold for such purposes, whereas 1.7% is health insurance contributions.

The maximum threshold for the payment of social security contributions is usually adjusted on a yearly basis, but the maximum employer contribution per employee stays at approximately EUR 100– EUR 150.

## **Self-employed individuals**

Self-employed individuals, self-employed owners of firms and self-employed persons who hire third parties (excluding self-employed persons in agriculture) are liable to pay compulsory social security and health contributions at the rate of 30% which includes:



The minimum monthly salary in Albania is usually adjusted on an annual basis, but stays at approximately EUR 160 – EUR 200.

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