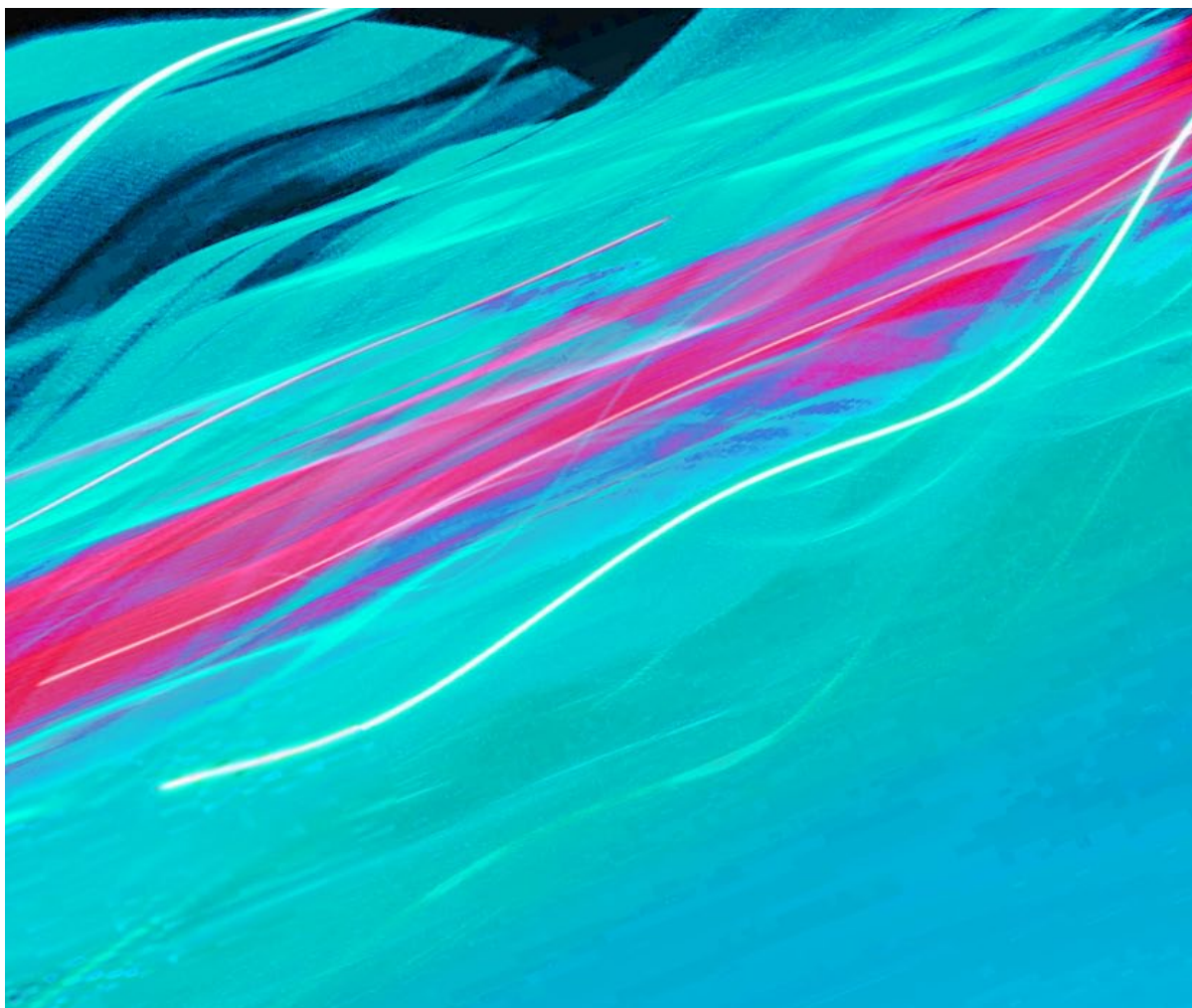


Newsletter

September 2020



- Law on the Register of the Beneficial Owners
- Enter into force of the new Law "On Capital Markets"
- Electronic Visa service for Albania - Available Now
- Approval of a New Decision of Council of Ministers on the work permits of foreign persons transferred within companies - Work Permit type A/TN
- Special accounts of notaries (escrow) intended for management of funds and transactions on behalf of the clients and/or third parties.
- Reminder for filling of the Self-Declaration Form for Tax Residences
- Recent changes of Law Nr. 8438 "On Profit Tax"
- Postponement of deadline of beginning of the effects of Law Nr. 87/2019 "On Invoice and Circulation Monitoring System"
- New online service - Electronic Fiscal System Password Reset

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Law on the Register of the Beneficial Owners

On August 13, 2020 was published the Legal Gazette the Law no. 112/2020 dated 29.07.2020 "On the register of beneficial owners".

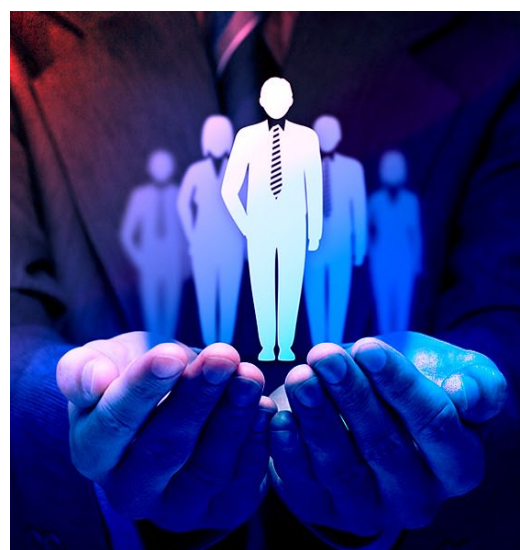
This law establishes the Register of Beneficial Owners. The Register is an electronic state database administrated by the National Business Center (NBC) and will contain information regarding the ultimate beneficial owners of the entities obliged to report pursuant to the legal requirements.

The Register of Beneficial Owners purpose is to ensure transparency on the beneficial owners.

In the law are listed the entities, which are obliged to register the beneficial owners, as below:

- a.** Commercial companies, saving and credit companies and unions, branches/representative office of foreign companies, mutual collaboration entities, cooperative entities, and any other legal entity that is obliged to register in NBC;
- b.** Non for profit organizations - foundations, associations, centers, branches of foreign NGO;
- c.** Legal entities and companies, which shareholders include, in addition to central and/or local institutions of the Republic of Albania other Albanian or foreign natural/legal entities.

As per the law definition are classified as beneficial owner "the individual who ultimately owns or controls the legal entity and/or the individual on whose behalf a



transaction is being conducted", more specifically:

- 1)** The individual who ultimately owns or controls a legal entity, through direct or indirect ownership of 25% (twenty five percent) of the shares or voting rights or ownership interest in that entity;
- 2)** The founder or the legal representative or the individual who exerts the ultimate effective control on the administration and supervision of an NGO;
- 3)** In the case of trusts and other legal agreements, the settlor, the trustee, the protector if any, the beneficiary or where the individuals benefiting from a legal arrangement or entity have yet to be determined, the class of persons in whose main interest operates the legal arrangement or entity; any other individual exercising ultimate control over the trust by means of direct or indirect ownership or by other means.

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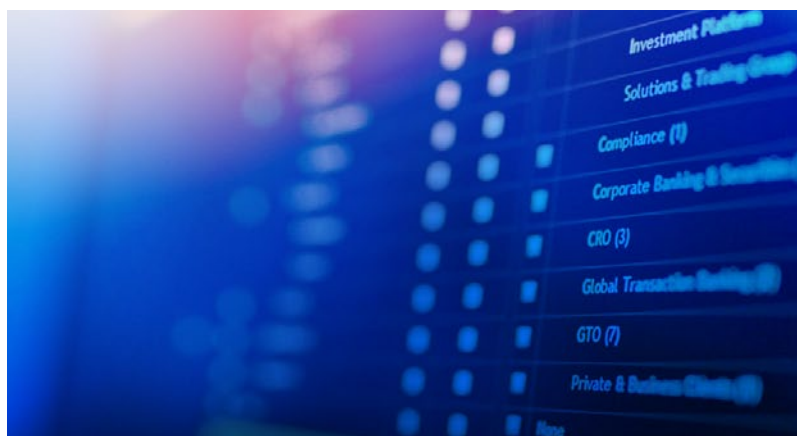
The registration of data regarding the beneficial owners with the register will be performed electronically by the person authorized to represent the reporting entities.

The reporting entities must provide the following information for the beneficial owners before National Business Center:

- a.** Identification information such as name, surname, date of birth, personal identification/passport number, address of the permanent residence;
- b.** Information regarding the nature (direct or indirect) and extent of ownership;

Meanwhile the data reported to the Register of Beneficial Owners that will be public and accessible unrestrictedly are:

- **Name and surname of the beneficial owner;**
- **Nationality;**
- **Month and year of birth;**
- **The date that the individual was defined as beneficial owner;**
- **Nature and extent of ownership.**



Any other data of the beneficial owners provided to the Register of the Beneficial Owners which are not listed above will be



accessible only to the authorized persons of the reporting entities and the state authorities during the exercise of their functions.

As per the law requirements, the reporting entities have the obligation to maintain adequate, accurate and up-to-date data and documents, which attest the beneficial owners and the nature of their ownership. Also the law specifies that it will be the tax authorities which will perform the verification of the compliance of the entities with the law obligation as well as of the accuracy and conformity of the records with the information provided to the register, during the course of the usual tax audits.

The subject that fails to comply with the legal obligations may be liable of following sanction:

- Noncompliance with the obligation of the existing reporting entities for the registration of the beneficial owners is punished with a fine in the amount of 250.000 (two hundred fifty thousand) ALL;
- Noncompliance with the obligation of the reporting entities founded after the creation of the register is punished with a fine in the amount of 500.000 (five hundred thousand) ALL;
- Failure to register changes of the registered information is punished with a fine in the amount of 250.000 (two hundred fifty thousand) ALL.

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Meanwhile, in case of failure to comply with the legal obligation to maintain information and documents regarding the beneficial owners is punished with a fine in the amount of 50.000 (fifty thousand) ALL also the legal representative of subject.

The Law has entered into force 15 (fifteen) days after the publication with the Official Gazette.

The reporting entities must identify their beneficial owners and collect the relevant

documentation, not **later than 31.12.2020**.

The Register on Beneficial Owners will be established by the Ministry of Finance and Economy and the National Agency for Information Society, not **later than the date of 31.01.2021**.

The reporting entities, must proceed with the registration of the required data by law, within 60 (sixty) calendar days from the establishment of the Register on Beneficial Owners ■

Enter into force of the new Law "On Capital Markets"

On 1st of September has entered into force the Law No. 62/2020 "On Capital Markets". The new law has abrogated:

- a. Law no. 9879, dated 21.2.2008, "On securities",
- b. Law no. 10158, dated 15.10.2009, "On bonds of joint stock companies and local government"

All the relevant bylaws regarding the implementation of the new law will be published and approved within 18 months from enter into force of the Law on Capital Markets.

The Law on Capital Markets aims to establish a comprehensive regulatory and supervisory framework for capital markets. The

law aims to increase the potential for the development of capital markets because it increases the possibility for issuers to find capital and finance the economy, increase opportunities for investors for better profits, increase opportunities for intermediaries, increase the profitability of capital market infrastructure.



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The objective of the law is the development of capital markets in Albania in order to:

- to create financing opportunities, to enable the issuance of securities;
- to channel savings through better regulated investment and pension funds;
- to attract foreign investors.



The law sets rules for:

- Establishment, licensing, exercise of activity, supervision and dissolution of a securities company, market operator and settlement system operator in the Republic of Albania;
- providing investment services and performing investment activities and related ancillary services;
- trading in a regulated market or trading outside a regulated market;
- conditions for offering securities to the public and accepting securities in a regulated market;
- the obligations relating to the provision of information on securities listed on a regulated market and the obligations of the issuers of such securities to provide information;
- prevention of money laundering, market abuses and securities trading based on privileged information;
- depository, clearing and settlement services of financial instruments;
- Competencies and activity of the Authority pursuant to this law.

The Financial Supervision Authority (in Albanian Autoriteti i Mbikëqyrjes Financiare) is the authority that licenses, supervises and govern the activities regulated according to this law.

The activities which are regulated under this law are the following:

- receiving and transmitting orders in connection with one or more financial instruments;
- execution of orders on behalf of clients;
- trading on its own account;
- portfolio management, including the administration of a collective investment undertaking;
- securities investment advisory activity;
- signing of financial instruments and / or placing on the market of financial instruments based on transaction engagement;
- offering and placing on the market of financial instruments without commitment;
- activity as a stock exchange;
- activity as a Multilateral Trading Platform; ;
- activity as an Organized Trading Platform;
- activity as a depository;
- activity as a clearing house;
- activity as a system for securing securities;
- activity as a central counterpart;
- any other activity related to the issue or trading of securities or other financial instruments ■

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Electronic Visa service for Albania – Available Now

With Decision No. 655 dated 27.08.2020, the Ministry of Foreign Affairs has approved the format, content, and the elements of security for Electronic Visa.

Now all the Type C and D Visa foreign applicants are not required to go before any Albanian Embassy or Consulate to obtain their Visa.

The Electronic Visa will be in A4 format and once provided may be printed directly from



the applicant and should be kept during his enter and leave from the Albanian Borders.

To obtain an electronic Visa the person should select the option of Electronic Visa during their Visa request application. For electronic Visas, there will be an addition of 20 Euro in the standard fee of the Visas for each nationality.

With the electronic Visa, Albania aims to facilitate the process and to ease the formalities for Visa issuance ■

Approval of a New Decision of Council of Ministers on the work permits of foreign persons transferred within companies – Work Permit type ATN

Decision no. 542, dated 08.07.2020 “On the definition of criteria, documentation and procedures for obtaining, refusal and canceling of work permits for persons transferred within the company, type ATN has abrogated Decision no. 85, dated 12.02.2014.

The new decision has presented important changes in comparison of the previous Decision of Council of Ministers, as follows:

- a.** is reduced the obligatory period of employment of the foreigner in the transferring company. The employment period is now of 6 months without interruption for administrators and specialist employees and 3 months without interruption for

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graduated interns. In the previous Decision was 12 months;

b. is added the requirement that the branch/representation office in Albania and the foreign transferring company should belong to the same commercial company or group of companies;

c. is clearly added the requirement for the foreigner to be insured with the obligatory social and health schemes in the Republic of Albania;

d. now the foreigners should declare their residence in the territory of the Republic of Albania.



Concerning the procedure, the application for the Work Permit type A/TN may be filed either by the foreigner or the employer in Albania where the foreigner will be transferred to.

The application for Work Permit is filed online through e-Albania platform ■

Albana Fona

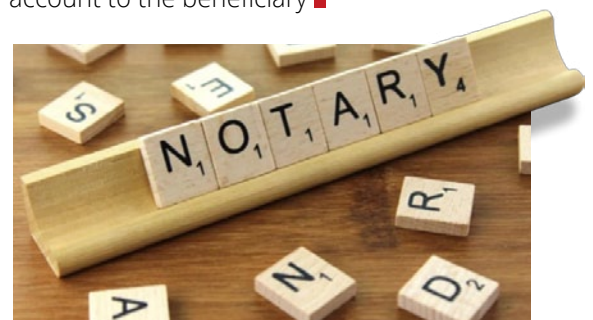
Special accounts of notaries (escrow) intended for management of funds and transactions on behalf of the clients and/or third parties.

According to the Ordinance no. 16 dated 30.07.2020, Notaries shall open a special bank account (escrow), on purpose to deposit monetary amounts related to financial transactions derived from **Real Estate Preliminary Contracts** such as: "Undertaking Agreement; Promise to enter into a Purchase and Sell Agreement; Pre-sale Purchase Agreement; Debt Assignment Agreement; Transfer of Rights Agreement".

According to the NEW Ordinance, the contractual parties have the right to decide to perform the payment of the contract price for **Real Estate Preliminary Contracts** through the special bank account of the Notary.

Upon receiving payment in the notaries'

escrow account, the notary may proceed with the registration of the Preliminary Contract with the National Agency on Cadaster. Only after finalizing the legal & administrative procedures for the registration of the notarial act with the relevant authorities, the Notary may transfer the received amount, from the notaries' escrow account to the beneficiary ■



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Reminder for filling of the Self-Declaration Form for Tax Residences

Starting from 11.03.2020, conform Law no. 4/2020 "On Automatic Exchange of Financial Account Information", **all persons and entities that have a bank account** before any second tier bank in Albania, have the obligation to present before the banks in which they have the account/s and **fill out the Self-Declaration Form for Tax Residence**, according to the deadlines appointed from each of the banks.

Not execution of the above obligation by any bank account holder is classified as



FATCA & CRS

Administrative Offense and is punishable by a fine of 10'000 - 1'500'00 Leke (approx. 100 – 12'000 Euro) ■

Recent changes of Law Nr. 8438 "On Profit Tax"

Starting from January 2021 will be effective and applicable the changes of Law Nr. 8438 "On Profit Tax", which will bring the following amended:

Article 16 point a & c: Will be subject of Profit Tax the Legal entities and partnerships or any other person, regardless of the status or legal form of its registration or recognition, **with incomes over 8'000'000 Leke/year**, unless this person is subject to simplified profit tax on small business.

Article 28 point 1: The profit tax rate is:

- a).** 0% for taxpayers with incomes up to 14'000'000 ALL Leke/year.
- b).** 15% for taxpayers with incomes over 14,000,000 ALL Leke/year ■



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Postponement of deadline of beginning of the effects of Law Nr. 87/2019 "On Invoice and Circulation Monitoring System"

Depending on the type of transaction, the Law "On Invoice and Circulation Monitoring System" will be effective and applicable upon below deadlines:

a) For cashless transactions between taxpayers and public authorities, the effects of this law begin on January 1st 2021.

b) For cashless transactions between taxpayers, the effects of this law begin on July 1st 2021.



c) For cash transactions by the taxpayers, regardless of tax liability or realized annual turnover, the effects of this law begin on September 1, 2021. ■

New online service - Electronic Fiscal System Password Reset

If you have lost or do not remember your Electronic Fiscal System (e-filing) account password, there is not needed anymore to report it to the Tax Authority offices, but you can apply online through e-albania and get a new password in real time ■





Newsletter

September 2020





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Intellectual Property
Antitrust and Unfair

Banking and Finance
and Privatization Commercial
Tax
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Administrative Procedures and
Appeals

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