

Newsletter

May 2019



- 7 months of visa - free entry in Albania for 9 countries
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- National Open Tenders

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7 months of visa - free entry in Albania for 9 countries

On 27.02.2019 through the Decision No. 90 "On amendment on the Decision 513 dated 13.06.2013", the Council of the Ministers has granted the right to the citizens of Russia, Saudi Arabia, Belarus, Qatar, Oman, Thailand and Bahrain to enter and stay in Albania only with their Passport starting from 1 April to 31 October 2019.

Meanwhile the citizens of China may enter and stay in Albania only their Passport from 28.02.2019 until 31 October 2019.

All the citizens of the above-mentioned states have the right to enter and stay in Albania for 90 days within 180 days during the above specified period.



Fiscal package 2019 – Amendments of different bylaws

1. Additions and amendments to the Instruction "On Value Added Tax"

On 26 February 2019 is published Instruction Nr. 5, dated 22.02.2019 "On some additions and amendments to Instruction no. 6, dated 30.01.2015, "On Value Added Tax in the Republic of Albania", as amended.

Here below please find some of the key changes presented by this Instruction:

VAT tax rates are as follows:

- a) 6% for the provision of advertising service by audiovisual media;
- b) 6% for the supply of public passenger transport vehicles with a capacity of 9 + 1 seats or more, with electric motor, until 31/12/2021. From 1/1/2022 the tax rate is 10%.
- c) 6% for the supply of books of any kind.

For Active Processing Regime subcontractors:

0% tax rate is applied for the supply of processing services of non-Albanian goods intended for re-exportation by authorized taxable persons and their subcontractors, on the basis of the provisions of the Customs Code, for operations under the active processing regime.

For farmers:

A rate of 6% is applied for their compensation.

The list of good exempted from VAT are added to:

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- supply of agricultural machines;
- supply of agricultural inputs;
- supply of veterinary services, except for pets;
- import of raw materials used for the production of medicines.

2. Additions and amendments to the Instruction "On Income Tax"

On 26 February 2019 is published instruction no. 4, dated 21.02.2019 "On some additions and changes in instruction no. 5, dated 30.01.2006 "On Income Tax", amended".

The main changes according to this instruction are as follows:

- **The tax rate of income tax on employment by gross salary level is applied according to the following categories:**
 - 0% for monthly gross salary up to 30,000 lek;
 - 13% for monthly gross salary from 30,001 - 150,000 lekë;
 - 23% for monthly gross salary over 150,000 lekë.
- **Are subject to the Income Taxes:**
 - Income of a non-resident person as a result of services rendered to a resident person. For such income, the resident who benefits from the service will withhold the tax directly from the payments he will make to the non-resident.
 - Revenue obtained from gross amounts of payments for consultancy services. All resident persons in the Republic of Albania, central and local government bodies, non-profit organizations and any other entity recognized by the applicable legislation are required to hold the income tax for these payments.
 - Any non-resident person, who is not registered under Albanian legislation and is not subject to Income Tax. For the fulfillment of this obligation, non-resident persons will complete the separate declaration of taxable income, which must be submitted by March 31 of the

following year and pay the tax at the time of delivery.

• On Dividend Tax:

Dividend tax will be applied to the tax rate of 8%. For retained earnings realized in 2018 and before, including reserves and capitalized gains, this rate is applied with the following conditions:

- a. the tax on retained earnings from 2017 and onwards should be paid by 30 September 2019;
- b. the dividend tax for the profit of 2018 should be paid by August 20, 2019.



3. Additions and amendments on the Instruction "On National Taxes"

On 25 February 2019 is published the instruction no. 9, dated 20.02.2019 "On some additions and amendments to the instruction no. 26, dated 04.09.2008 "On National Taxes", as amended".

Under this Instruction, the percentage royalty for the content of metallic ore mining by-product is at the following value:

- 3/7 of the royalty rate for 2019,
- 3/8 of the royalty rate for 2020,
- 1/3 of the royalty rate for the year 2021 and the following.

Percentage of Royalty on the "chrome ore for export", is:

- 7% starting on January 1, 2019,
- 8% starting on January 1, 2020,
- 9% starting on January 1, 2021 and following.

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Some of the key changes under this Instruction are:

- The carbon tax is not paid for the quantities of gasoline and gas produced domestically but exported outside the territory of the Republic of Albania.
- For plastic articles and imported plastic packaging, a tax rate of 35 ALL / kg applies, with the exception of raw materials in primary forms. This tax is also applied when the plastic material occupies at least 51% of the total packing volume that packs other imported products.
- A tax on imported and domestically produced glass packaging is applied at the amount of 5 ALL / kg. The tax applies to all glassware, if the wrapping is imported separately as well as when the glass material occupies at least 80% of the total packing weight that packs other products.
- A tax of primary raw materials imported and used for the production of plastics in Albania is applied at the amount of 25 ALL / kg. In cases where primary raw materials imported from manufacturing entities are not used for the production of plastic products in the country, but as a complementary technology, additive raw materials for the production of products are not categorized as plastic products and 25 ALL / kg tax is not payable on import.

4. Additions and amendments on the Instruction "On Tax Procedures"

On March 21, 2019, was published the Instruction no. 10, dated 15.03.2019 "On some additions and amendments of the Instruction no. 24, dated 02.09.2008, "On Tax Procedures in the Republic of Albania", as amended ".

This Instruction provides different information and details the following issues:

- Taxpayers who will apply before the National Business Center to pass on a passive status will need to have previously paid all their tax liabilities;
- A physical person with the same personal identification number is registered only once by the National Business Center. He is entitled to register and be provided with a new NIPT / NUIS by the QKB only after the de-registration of the existing NIPT / NUIS.
- For any additional place of activity different to the main place of activity, the natural person is provided with a certificate with a unique identification number equal to that of the registration, but with different serial numbers in order to identify the location of the new activity;
- Notification from tax administration when it concludes that a tax liability has not been paid in full can also be made with other forms of notification, in addition to the mail and the electronic way, such as the handover of the notification against the receipt confirmation from the taxpayer.



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- Penalties are foreseen for both the seller and the buyer if they conduct transactions with entities in the "Passive" status;
- There is no obligation to pay late payment interest in appeal / appeal cases;
- In cases of misdemeanors in issuing tax receipts, tax receipts and documenting transactions, if the taxpayer accepts the tax assessment and pays the obligation, the fine is reduced by 30 (thirty) percent.

5. Exemption from VAT of agricultural inputs

Based on Decision no. 12, dated 09.01.2019 "On some amendments and additions to decision no. 953, dated 29.12.2014, of the Council of Ministers, "On implementing

provisions of law no. 92/2014, "On Value Added Tax in the Republic of Albania", as amended ", the supply of agricultural inputs is exempt from VAT.

Following the legal changes presented from the Fiscal Package that entered into force in January 2019, it is categorized is categorized as a supply exempted from VAT: fertilizers, pesticides, seeds and seedlings. This exemption is defined in Article 51, letter "one") of Law no. 92/2014, dated 24.07.2014 "On Value Added Tax in the Republic of Albania", as amended.

The exemption from the VAT of agricultural inputs makes it possible for importing and trading companies to reduce the sales prices to farmers at the same rate.

Albana Fona

New Law "On the Cadastre"

On February 7th 2019, the Albanian Parliament approved the NEW Law 111/2018 "On Cadastre", that was published with the Official Gazette no. 28, dated 06.03.2019.

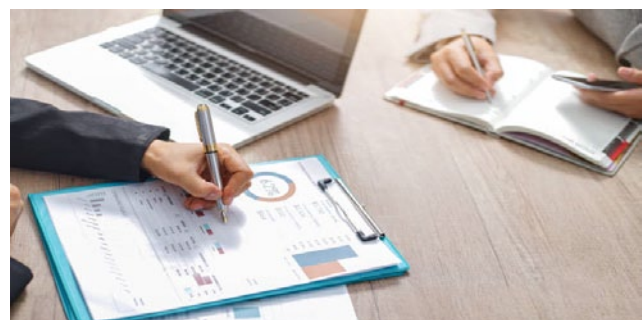
The law "On Cadastre" defines the rules for the registration of the public or private immovable properties and the real rights over them, as well as the establishment, organization and operation of the State Agency of Cadastre. The establishment of State Cadastral Agency as a new institution, shall perform the current functions of Immoveable Property Registration Office (IPRO), the Agency for Legalization, Urbanization and Integration of Informal Areas and Buildings (ALUIZNI) and Agency of Inventory and Administration of Public Properties (AITPP).

The new law introduces the right of any Albanian or foreign individual or legal entity to have access to withdraw Extracts or Electronic documents of ownership,

through the digital cadastre system, being provided with an entry code, after obtaining the approval/authorization from the property owner.

The new digital cadastre, facilitates the procedures of obtaining updated information related to the immovable properties in due time. Specific rules and instructions on how to have access in the electronic system will be determined throw Decision of Council of Ministers.

With the entry into force of the new law, any request on cadastral service shall be processed within 15 (fifteen) days following its filing date, but in any case not later than 21 (twenty-one) calendar days.



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The New Law "On Cadastre" entered into force on March 21st 2019 and has superseded Law no. 33/2012, dated 21.03.2012 "On Immovable Property Registration".

Privatization of state-owned property rented based on the Scheme Albania - One Euro

Decision of Council of Ministers no. 120, dated 13.03.2019, published in the Official Gazette no. 41 on 28 March 2019, provided some amendments to DCM 926, dated 29.12.2014, "On the Criteria's for privatization or transformation of state-owned property and the Sales Procedures".

With the new amendments, the current users of state-owned properties, rented with the special lease of One Euro, can purchase the property directly from the Directory of Managing the Public Property on condition that:

a) The Contractor has been renting the property for more than five years, in cases when the value of the Investment performed is over 150% of the value of the land; the contractor has respected and fulfilled the terms of the Contract and has no pending obligations toward the state;

b) At any time throughout the duration of the Contract, , in cases when the value of the Investment performed is over 750% of the value of the land; the contractor has respected and fulfilled the terms of the Contract and has no pending obligations toward the state;

Hereby, we would like to recall, that in order to attract foreign investors, the Albanian government, with DCM 926, dated 29.12.2014, offered special leases on abandoned production sites for a rental price of 1 Euro under the scheme Albania - One Euro.

Kostina Prifti

Authorization for NGOs which offer free legal counsel:

Decision of the Council of Ministers no. 55 dated 06.02.2019, entered into force on February 12, has specified the legal requirements and legal procedure which NGOs that offer free legal counsel guaranteed by the state of Albania should follow.

NGOs are to receive a notification by the Ministry of Justice, department of Guaranteed free legal counsel, with all the documents specified in the DCM, notification which especially contains the term within which NGOs should provide the necessary documents and information.

Failure to comply with the requirements of the notification, especially within the deadline specified in the notification, automatically disqualifies the NGO from obtaining authorization for guaranteed free legal counsel.



Uendi Vata

National Open Tenders

Bank of Albania seeks to develop and attain the following procurement proceedings:

"Annual maintenance and repair services for elevators in the buildings of the Bank of Albania" with a limit fund of 1,840,000 ALL. The deadline for submission of bids is April 12 at 11 a.m.



"Printing of commemorative coins for numismatic purposes '200 Lek' and '100 Lek' " without exchange rate, for purposes of BoA" with a fund limit of 54,345,000 ALL. Deadline for submission of bids is April 19 at 11 a.m.



"Purchase of spare parts, maintenance and repair of the Bank of Albania vehicles for a period of one year" with a fund limit of 4,000,000 ALL. Deadline for submission of bids is April 15 at 11 a.m.



"Maintenance and repair service of the air conditioning system at the central building of the BoA for a period of one year" with a fund limit of 3,400,000 ALL. Deadline for submission of bids is April 18 at 11 a.m.





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