

BOGA & ASSOCIATES

TAX ALERT

To keep you up-to-date with the latest legal and economic developments, this Tax Alert prepared by our Team provides information that may affect the operation of your business in Albania.



AMENDMENTS TO TAX LEGISLATION

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The Albanian parliament approved changes to the fiscal legislation in Albania, affecting income tax, excise tax, national taxes and VAT.

The amendments to Law on Income Tax (law no. 8438/1998) and Excise Tax Law (law no. 61/2012), have been proclaimed by the President and published in the Official Gazette. The laws providing for amendments to national taxes and VAT are still under the review process.

Below you may find a summary of the changes to personal income tax and excise tax.

Income Tax Law

The Parliament of the Republic of Albania adopted a new law (law no. 113/2021) providing for an amendment of the tax rates applied on employment income.

Under the new law, the 0% tax bracket will increase from monthly income of ALL 30,000 to ALL 40,000.

A further reduction of the tax rate is also introduced for higher levels of compensation.

Monthly compensations from ALL 40,001 to ALL 50,000 shall be taxed at 6.5% rate over the amount exceeding ALL 30,000.

Monthly compensations higher than ALL 50,000 shall be taxed as follows:

- For the amount from ALL 50,001 to ALL 200,000 the tax is 13% of the amount over ALL 30,000;
- For the amount exceeding ALL 200,000 the tax is ALL 22,100 plus 23% of the amount over ALL 200,000.

The law was published in the Official Gazette and will enter into force on 1 January 2022, but the new rates shall be effective as of 1 July 2022.

Excise Law

Certain amendments have been introduced to Excise Law (law no. 61/2012) upon law no. 114/2021.

Under the new law, the right of reimbursement of excise tax for combustible materials used for technological needs of production in heated greenhouses or for manufacturing of industrial and agro-industrial goods shall be applicable until 31 December 2023.

The new law provides also for the following additional changes:

1. Changing the level of excise tax on tobacco products and e-cigarettes.
2. Unification of excise tax on "Petroleum gases and other gaseous hydrocarbons" (to ALL 6/liter starting from 1 July 2022).
3. Indexation of the excise level based on the price increase index (except for the excise on tobacco products and e-cigarettes).
4. Amendments to penalties applied for the breach of excise tax law provisions.
5. Amendments to the procedures of the administrative appeal against excise obligations and penalties:
 - by extending from 30 days to 60 days the time period during which the General Customs Director should review the appeal for excise obligations, and
 - by extending from 30 days to 45 days the deadline to file the court claim against the decision of the General Customs Director.

The new provisions will enter into force on 1 January 2022.



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Benchmark Litigation Europe 2022: Top Ranked in Dispute Resolution

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Boga & Associates

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The firm’s particularity is linked to the multidisciplinary services it provides to its clients, through an uncompromising commitment to excellence. Apart from the widely consolidated legal practice, the firm offers the highest standards of expertise in tax and accounting services, with keen sensitivity to the rapid changes in the Albanian and Kosovo business environment. The firm delivers services to leading clients in major industries, banks and financial institutions, as well as to companies engaged in insurance, construction, energy and utilities, entertainment and media, mining, oil and gas, professional services, real estate, technology, telecommunications, tourism, transport, infrastructure and consumer goods.