

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

Law no. 4/2020 dated 30.01.2020 “On automatic exchange of financial accounts information”

Upon the proposal of the Council of Ministers, the Albanian Parliament adopted the law no. 4/2020 dated 30.01.2020 “On automatic exchange of financial accounts information” (“**New Law**”) effective from 12.03.2020.

The New Law follows the ratification from the Albanian Parliament of the “Convention on Mutual Administrative Assistance on Tax Matters” (the “**Convention**”) and the adoption of the “Multilateral Agreement on the automatic exchange of financial accounts information” approved upon decision of the Council of Ministers no. 178/2016 (“**Multilateral Agreement**”).

The New Law provides for the obligation of *Reporting Financial Institutions* to report annually to the Albanian tax authorities the information on the *Reportable Accounts*.

Reporting Financial Institutions are considered:

- all financial institutions resident in the Republic of Albania, with the exception of any branch of that financial institution located outside the territory of the Republic of Albania;
- any branches of a financial institution that is not resident in the Republic of Albania, if this branch is located in the Republic of Albania;
- all custodial institutions, depository institutions, investment companies or specific insurance companies, according to the *Common Reporting Standard* (i.e. the standard for automatic exchange of financial account information in tax matters (which includes the Commentaries), developed by the OECD).

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“*Reportable Account*” is defined as an account that is maintained by a *Reporting Financial Institution* and pursuant to due diligence procedures consistent with the Common Reporting Standard, is identified as an account that is held by one or more persons qualified as *Reportable Persons* with respect to another Jurisdiction or by a *Passive Non-Financial Entity with one or more Controlling Persons that are Reportable Persons* with respect to another Jurisdiction.

The list of countries that fall under the definition of a *Jurisdiction* shall be approved by a forthcoming sublegal act.

Reportable Person are individuals or economic units, resident in another Jurisdiction qualified as Reportable Person by a Reporting Financial Institution, pursuant to due diligence procedures consistent with the Common Reporting Standard.

Reporting Financial Institutions should identify Reportable Accounts during the year and report them to the tax authority within the 30th of May of the following year. Exceptionally for 2019 the Reporting Financial Institutions shall report the accounts existing on 01.01.2019, and accounts opened during 2019, within 31st of July 2020. The details on the information to be reported shall be defined in a decision of the Council of Ministers to be issued for the implementation of the Law.

The information collected by the Albanian tax authorities will be shared with the competent authorities of the countries that are member of the Convention, in compliance with the Convention provisions.

You may find below a link with the list of countries that have ratified the Convention and are part of the Automatic Exchange of Information as of May 2020:

<https://www.oecd.org/tax/automatic-exchange/commitment-and-monitoring-process/AEOI-commitments.pdf>



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Chambers Europe 2020: Ranked in Band 1 in all practice areas

The Legal 500 2020: Ranked in Band 1 in Legal Market Overview

Benchmark Litigation Europe 2020: Top Ranked in Dispute Resolution

WTR1000 2020: Top Ranked in Trademarks

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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.