

# BOGA & ASSOCIATES

## NEWSLETTER

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

*New Law “On the  
Development of MSMEs”*



## New Law “On the Development of MSMEs”

The Albanian Parliament approved Law no. 43/2022, dated 21.04.2022 “On the development of micro, small and medium enterprises (MSMEs)” (“**New Law**”), which repeals Law no. 8957, dated 17.10.2002, “On small and medium enterprises”, as amended.

The New Law enables the creation of a thorough legal and institutional framework as well as the definition of state policies in order to encourage the establishment, support and development of micro, small and medium enterprises. It is partially aligned with the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422) (2003/361/EC).

### What are MSMEs and how are they categorized?

MSMEs employ fewer than 250 people and have a sales figure (i.e. the invoiced amounts by the enterprise during a year, which correspond to the market sale of goods and services, provided to third parties) or a total annual balance sheet not exceeding ALL 250 million. The following categories are defined within the MSMEs:

- (i) Micro-enterprise – comprising of less than 10 employees and a sales figure or a total annual balance not exceeding ALL 10 million.
- (ii) Small enterprise - comprising of less than 50 employees and a sales figure or a total annual balance not exceeding ALL 50 million.
- (iii) Medium enterprise - comprising of 50 - 249 employees and a sales figure or a total annual balance from ALL 50 million - 250 million.

The categorization of enterprises that do not simultaneously meet the criteria set above, is conducted on the basis of staff headcount. For statistic purposes, MSMEs are classified as follows:

- (i) Micro-enterprises: 0 to 9 individuals;
- (ii) Small enterprises: 10 to 49 individuals;
- (iii) Medium-sized enterprises: 50 to 249 individuals.

MSMEs are required to complete a Category Statement, through which the enterprise’s category is defined (i.e. autonomous enterprise, partner enterprise or linked enterprise) in accordance with the relevant financial ceilings and conditions and where, *inter alia*, the aforesaid data must be included.

Information regarding the staff headcount and turnover value is obtained from the annual financial statements submitted for publication to the relevant authority where they are registered, while in the case of new enterprises whose financial statements have not yet been approved, the data are provided through self-declaration during the financial year.

### What are the mechanisms of state support offered to MSMEs?

- Financial support from the state budget

The state budget finances the creation of the Enterprise Development Fund (EDF), which provides grants to MSMEs in order to implement programs aimed at increasing competitiveness, innovation, R&D (research and development), etc. EDF is administered by the Albanian Investment Development Agency (AIDA), which also manages an electronic portal for financial instruments created with funds from the state budget and with development partners.

- Financial support from domestic or foreign development partners;
- State loan guarantees

In cases when the provision of a state guarantee is approved, the Council of Ministers determines the fund, the sectors, as well as the conditions and criteria for guaranteeing the loan for the support of enterprises.

- Public services for MSMEs.

AIDA provides the necessary public services for MSMEs, which consist of provision of information, counseling, business development, training, professional development or retraining, offering of methodological services to enterprises, as well as natural persons intending to establish an enterprise.

### What is the Advisory Council for MSMEs?

The Advisory Council for MSMEs established at the Ministry of Finance and Economy, is a consultative and transparency body with representatives from business organizations and state institutions. Its members are appointed by order of the Minister of Finance and Economy for a 3-year term with the right of reappointment once.

Within its competencies, the Advisory Council for MSMEs:

- discusses issues related to business support and development;
- issues opinions and advice on business support and development;
- advises on how to design business support schemes according to the provisions of this law and the Strategy for Business Development and Investment.





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**Chambers Global 2022:** Ranked **Band 1** in Corporate/Commercial

**Chambers Europe 2022:** Ranked **Band 1** in 3 practice areas

**The Legal 500 2022:** Ranked **Tier 1** in Legal Market Overview

**Benchmark Litigation Europe 2022:** Top Ranked in Dispute Resolution

**WTR1000 2022:** 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.