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New National Minimum Wage

Tax Alert



New National Minimum Wage

Decision no. 113 dated 01.03.2023 “On Determining the National Minimum Wage”

On 01.03.2023, the Council of Ministers adopted decision no. 113 dated 01.03.2023 “On Determining the National Minimum Wage”, which repeals Decision no. 604 dated 14.09.2022 of the Council of Ministers.

Based on this decision, the minimum monthly wage is increased to ALL 40,000 (forty thousand) (instead of the previous minimum monthly wage of ALL 34,000 (thirty-four thousand). The basic minimum hourly wage is increased to ALL 229,9 (two hundred and twenty-nine point nine) (instead of ALL 195,4). The said wage is paid for 174 (one hundred and seventy-four) working hours per month, performed during normal working time.

The new minimum wage shall be effective starting from 1 April 2023.

Changes to Monthly Social and Health Insurance Contributions

As a result of the increase of the minimum wage, starting from 1 April 2023, the monthly minimum and maximum bases for purposes of calculating mandatory social insurance contributions become ALL 40,000 (the minimum gross monthly salary) and ALL 176,415 respectively, while health insurance contributions shall continue to be calculated on the gross salary of the insured employee.

Decision no. 114 dated 01.03.2023 “On the Use of the Contingency Fund for the Financial Compensation of the Increase in Social and Health Insurance Contributions for Each Minimum Wage Employee, due to the Increase of this Wage at the National Level”

On 01.03.2023, the Council of Ministers adopted decision no. 114 dated 01.03.2023 “On the Use of the Contingency Fund for the Financial Compensation of the Increase in Social and Health

Insurance Contributions for Each Minimum Wage Employee, due to the Increase of this Wage at National Level” (the Decision).

The Decision aims to award financial compensation to private entities in order to cover the effects of the changes of the national minimum wage for the period April-December 2023.

The entities that benefit from such compensation are limited to those exercising their activity in inward processing regime, agriculture, forestry, and fisheries, and must also meet the following criteria:

- a) Should not be a state-owned legal entity;
- b) Should not be a self-employed taxpayer;
- c) No bankruptcy procedure is initiated against the entity;
- d) Should not have any outstanding social security and health insurance contribution liabilities, or at the application date, should:
 - (i) Prove the entrance into a settlement agreement whereby having duly settled the liabilities, or
 - (ii) Have already settled the liabilities, excluding penalties.

The entities should apply electronically through e-Albania platform within 20 days after the deadline for the declaration of the payroll list.

The monthly compensation is in the amount of ALL 1,674 (one thousand six hundred and seventy-four) per employee and will be applicable up to the maximum number of employees declared with the minimum wage in the December 2022 payroll list.

Detailed rules with regard to the procedure of application, the calculation of compensation, as well as verification and appeal shall be determined through the instructions of the Ministry of Finance and Economy.

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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.