

### Issue 01/14

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

In April the VAT legislation has been subject to further amendments in the ambit of the 2014 fiscal package.

#### VAT reimbursement for exporters

During the meeting of 9<sup>th</sup> of April 2014, the Council of Ministers approved the decision "On the Definition of Terms and Criteria for classification of Exporters for the purpose of the VAT Reimbursement" ("**Decision**").

The Decision determines the following criteria to be met by the taxpayers in order to be classified as "exporters" under article 50/4 ("VAT Reimbursement") of the VAT Law and benefit from the VAT reimbursement within 30 days from submission of their request:

- a) the taxpayer exports goods in compliance with articles 181 and 182 of the Customs Code;
- b) the value of the exports made during the fiscal year is not less than 60% of the turnover (including exports); and
- c) the VAT credit balance exceeds the amount of Leke 400,000.

Moreover, the Decision establishes the criteria to be met by exporters classified as "Zero Risk Exporters" that are entitled to an automatic reimbursement of the VAT amount (ie. no tax audit is needed to confirm

their reimbursable VAT).

Taxpayers satisfying the following criteria are deemed Zero Risk Exporters:

- i. the value of the exports made during the fiscal year constitutes 100% of their turnover;
- ii. the export activity is carried out for more than two years;
- iii. the taxpayer evidences the performed exports with the customs export declarations; and
- iv. the taxpayer does not have any unpaid social and health contributions.

In respect to the VAT reimbursement, recent amendments (introduced on *February 2014*) to the Instruction no. 17, dated 13.05.2008 "On VAT" provide for new rules on VAT reimbursement procedures, applicable to the procedure of VAT request examination, notification of taxpayers on acceptance of the reimbursement request for further processing, and the role of the Treasury Directorate.

## **New rules on VAT deduction on fuel**

On 8<sup>th</sup> of April 2014, the Minister of Finance approved the Instruction no. 6/3 "On Some Amendments to the VAT Instruction no. 17/2008", introducing changes to the rules on VAT deduction of fuel used for business purposes.

Under the amendment, the taxpayers are no longer required to submit the file with relevant data on fuel consumption to the regional tax directorate as a condition for the deduction of the VAT paid on fuel.

As a consequence, taxpayers have the right to deduct the VAT paid on fuel used for purposes of their business activity (i) up to the limits specified for different industries in the Instruction no. 17/2008 (as a percentage over the annual turnover) and (ii) provided that they show that the fuel is used only for business purposes.

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