

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.

Amendments to Tax Legislation

On 15.07.2020, the Council of Ministers approved some draft laws for changes to tax legislation.

Below is a summary of the proposed changes. The draft laws will be submitted to the Parliament for review.

Income Tax Law

The amendment to the Income Tax Law (law no. 8438/1998) proposes the reduction of the profit tax rate to **zero percent** for taxpayers having an annual turnover between 8 and 14 million Leke.

Under the current provisions of the law “On Income Tax”, these taxpayers are required to file the annual profit tax return and pay tax on profit at the rate of 5% of their profit.

The amendment will be effective starting from 1st of January 2021.

The obligation to prepare and file annual financial statements and profit tax return will remain in force.

This proposal follows the other incentives granted to this category of taxpayers, which include:

- exemption from monthly/quarterly prepayments of the profit tax for the year 2020;
- extension of the deadline for filing the annual profit tax return and financial statements for the year 2019 to 31 July 2020 (*instead of the previous deadline of 31 March 2020*);
- extension of the deadline for payment of the tax on profit due for the year 2019 to 31 December 2020 (*instead of the previous deadline of 31 March 2020*).

Taxpayers having an annual turnover higher than 14 million Leke, remain subject to profit tax at 15% rate.

Fiscalization Law

The Council of Ministers approved a draft law providing for an amendment of the law no. 87/2019 “On Invoices and the System for Monitoring Transactions” (so-called “Fiscalization Law”).

Subject to the draft law, the deadline for implementation of the Fiscalization Law will be amended as follows:

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- 1st of January 2021 – transactions between taxpayers and public bodies;
- 1st of July 2021 – non-cash transactions between taxpayers;
- 1st of September 2021 – cash transactions.

Tax Procedures Law

After the extension of the deadlines for implementation of the Fiscalization Law, the Council of Ministers proposed an amendment to Tax Procedures Law (law no. 9920/2008) to regulate the use of existing fiscal equipment.

According to the proposed amendment, the current fiscal equipment will continue to be in function and be maintained from the authorized service providers. Until the date of implementation of the Fiscalization Law, the companies that are authorized to provide support for fiscal equipment will continue to provide their services, even if their authorization has expired.

Exchange of Information on Financial Accounts

Earlier this year on 30.01.2020, the Parliament adopted the law no. 4/2020 “On automatic exchange of financial accounts information”. The said law provided for the obligation of financial institutions to report the information on financial accounts (that are reportable under the law provisions) to the tax authorities within the 30th of May of the following year. The financial institutions were obliged to report the accounts existing on 01.01.2019, and accounts opened during 2019, within **31st of July 2020**.

The Council of Ministers has proposed a draft law to postpone the said deadline. According to the draft

law, the deadline for the first report from the financial institutions (*covering accounts existing on 01.01.2019, and accounts opened during 2019*), will be extended to 15th of November 2020. For the accounts opened during year 2020, the reporting deadline remains 30th of May 2021.

Additionally, the draft law provides for an extension of the deadline for the first automatic exchange of information between Albanian tax authorities and other jurisdictions’ competent authorities to 31st of December 2020 (*instead of 30th of September 2020*).



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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.