

### Issue 05/08

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

**New Law no. 9986 dated 11.09.2008 establishing the Amnesty of Customs and Tax Obligations, Annual Circulation Tax and Annual Registration Tax, as well as of Unpaid Penalties and Interests of the Obligatory Social and Health Contributions**

The Albanian Parliament passed the law no. 9986 aiming to grant an amnesty to tax registered businesses for tax and customs obligations and insurance contributions which were still due at the moment of the entry into force of this law.

Law no. 9986 was published in the Official Gazette as of 22 September 2008 and is effective from 7 October 2008 ("Fiscal Amnesty Law").

In pursuance with the provisions of the law no. 9986, the Ministry of Finance has drafted the relevant Instruction providing for the procedure to be followed for cancellation of the tax, customs and insurance obligations and/or penalties and interest, whenever applicable.

It is expected that the Instruction will be shortly approved from the Minister and published in the Official Gazette.

According to the law no. 9986, the total amount of tax and customs obligations including penalties and interest is waived, in case those obligations were recorded by the tax or customs authorities without an official notification to the debtor as per the relevant law requirements.

Instead, when the customs and tax obligations were duly notified in compliance with the Customs Code and Law "On Tax Procedures", the taxpayer will benefit the waiver of penalties and interests provided that the due amount of customs or tax obligation (i.e. principal) is paid within 6 months from the effective date of the Fiscal Amnesty Law.

In addition, the Fiscal Amnesty Law provides for:

- the cancellation of all components of customs obligation (principal, penalties and interests) related to the importation of vehicles before 31.12.2000 (including penalties, interests and tax levied to vehicles with foreign plate for each day of stay in Albanian territory);
- the cancellation of penalties, interest and tax levied to vehicles with foreign plate for each day of stay in Albanian territory for the vehicles imported after 31.12.2000, provided that the principal of the obligation is paid within 6 months from the entry into force of the Fiscal Amnesty Law.

The following persons do not benefit from the Fiscal Amnesty Law:

- persons against whom the authorities have commenced a penal proceeding and are found guilty;
- persons that have customs, tax and insurance obligations upheld through a final court decision;
- persons that have already paid the tax, customs and insurance obligation with all its components (i.e. principal, penalty and interest). No reimbursement of these amounts may take place.

According to the draft of the Instruction of the Minister of Finance, the following obligations are also waived:

- penalties, which are not related to any tax obligation, imposed for tax periods before the entry into force of the Fiscal Amnesty Law and irrespective of the date indicated in the administrative act;
- penalties for non-submission and/or late submission of the tax declarations when the tax obligation is zero;
- penalties imposed by the tax police officers when the tax obligation is zero;
- any other penalty imposed for any reason.

Furthermore, even taxpayers who are pursuing administrative or court appeals against the tax and customs obligations will benefit the waiver of penalties and interests when:

- they have already paid the principal of the obligation (i.e. without penalties and interests),
- or
- the principal of the obligation, which is covered by a bank guarantee is paid within 6 months from the entry into force of the Fiscal Amnesty Law.

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