

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

The Albanian Registry of Ultimate Beneficial Owners

The Albanian Parliament adopted the law no. 112/2020 dated 29.07.2020 “On the Registry of Beneficial Owners” (“**New Law**”) which entered into force on 28.08.2020.

The New Law partially harmonizes the *Directive 2015/849 of the European Union* on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

The New Law provides for the Registry of Beneficial Owners (“Registry”) that will be administered by the National Business Center (“NBC”) and defines the procedure for the registration of the information of beneficial owners and the penalties in case of non-compliance.

Reporting Entities

The New Law defines as “reporting entities” all legal entities registered with the Albanian Commercial Registry held by the NBC (including branches and representative offices of foreign entities), as well as Nonprofit Organizations

registered with the Register of nonprofit organizations held by Tirana District Court.

The reporting entities are obliged to maintain the documents that identify the beneficial owners. Such documents must be made available upon request of the tax authorities when verifying the correctness and compatibility of the information reported in the Registry.

The information should be reported to the Registry within 30 days from the registration of the reporting entity or the factual change in case the information of the beneficial owners’ changes. The reporting entities shall have 60 days from the creation of the Registry to file the documents required for their beneficial owners.

The reporting entities are required to identify the beneficial owners and create and maintain the relevant documents within 31.12.2020. The Council of Ministers shall adopt rules and procedures for the registration of information and functioning of the Registry.

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Obligated Entities

The New Law stipulates that all entities subject to the law “On prevention of money laundry and financing of terrorism” shall be considered as obliged entities (i.e. financial institutions, auditors, external accountants, notaries, independent legal professionals, estate agents etc.).

Obligated entities have the obligation to notify the reporting entity and the National Business Center in case they ascertain that the information registered in the Registry does not correspond with the information held by the reporting entity. In this case, the NBC shall notify the reporting entity within 2 business days of the discrepancy, and the reporting entity shall update its information in the registry or confirm the existing information (when the ascertainment was not correct) within 20 days.

The Council of Minister shall define specific rules on such reporting.

Registry of Beneficial Owners

The Registry shall be created not later than 31.01.2021 from the Minister of Finance and Economy and the National Agency on Information Society following the Decision of the Council of Ministers that stipulate the rules on the functioning of the Registry. The Registry shall contain the business number and name of the reporting entity as well as information on the identity of beneficial owners, the date the individual was determined as beneficial owner, and percentage of ownership, and if this ownership is direct or indirect.

The following information is required to identify the beneficial owners who are Albanian citizens:

- Name and last name
- Personal identification number
- Birthdate
- Citizenship
- Address of permanent residence

In addition to the above, foreign citizens should also provide passport number and passport issuance and expiry date.

The Registry must ensure the protection of personal data, through a proportional processing of the data. The general information recorded with the Commercial Registry and the Registry of Nonprofit Organizations will be transferred automatically to the Registry.

The information on the beneficial owner in the Registry shall be kept for 10 years following the deregistration of the reporting entity from the Commercial Registry or Non-profit Organization Registry.

Sanctions

According to the New Law, reporting entities and persons authorized to make the registration shall be responsible for the accuracy of data and documents filed therein.

The fines applicable in case of breach of the provisions of the New Law concerning the non-registration of the information on the beneficial owner or failure to update information are Leke 500,000 and Leke 250,000, respectively. For the above violations, the legal representative of the reporting entity is subject to a fine of Leke 150,000. The fine for repeated violation shall double in value.

The above fines are imposed by the head of the NBC, whose decision may be appealed before the administrative court. The NBC and the authority responsible for the Registry of Nonprofit Organizations shall not provide services to the reporting entity until the fine is paid and the respective information is registered.

When the reporting entity does not maintain the documents proving the beneficial owner, the tax authorities shall apply a fine of Leke 50,000. This fine may be appealed before the administrative court.

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If you wish to know more on issues highlighted in this edition, you may approach your usual contact at our firm or the following:

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