

TaxAlert

2006

Issue 03/06

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.

The Albanian Parliament has passed a package of amendments to the existing fiscal legislation in an attempt to support and improve commercial and business activities in the country. These provisions became effective on 24 August 2006.

Tax Procedures

New amendments to Law no. 8560, dated 22 December 1999 "On Tax Procedures"

Obtaining the Tax Certificate

According to the amended Law, to obtain the tax certificate the taxpayer is required to submit to the tax authorities only the Court Decision and the application form "Request for registration". Tax authorities process the application within five days from the date the application is filed. The taxpayer will be deemed registered with tax authorities five days after the application date, even if the tax authorities do not provide the tax certificate within this time limit.

Penalty for undeclared employees

The new amendments provide for a penalty of Lek 10,000, imposed to the employer, for each undeclared employee (besides the obligation to pay undeclared social and health contributions as well as personal income tax for such employees).

Social Security Contributions

New amendments to Law no. 7703, dated 11 May 2006 "On Social Security Contributions"

Social security rate

Social security rate for the employer is reduced from 29.9% to 20.9%. This means that the social and health contributions to be paid by the employer are reduced from 30.7% to 21.7 %.

As per Decision no. 557 dated 16.08.2006 of Consul of Ministers, this change will be effective from 1 September 2006.

Registration

Public and private legal entities, as well as physical persons, starting their business activity for the first time, have the obligation to register with the agency of social security contributions.

Value Added Tax (VAT)

The amended Law changes the conditions for applying the VAT deferred scheme

The new amendment provides that the VAT deferred scheme for machineries and equipment imported by the taxpayer for purposes of its business activity, despite their type, is applicable up to six months from the moment of importation. According to the said scheme, VAT is not payable at customs upon importation.

Excise tax

New provisions to Law no. 8976, dated 12 December 2002 "On Excise Tax"

Certain excise tax rates have been increased, i.e. coffee, alcoholic drinks and tobacco products. Refer to **Table 1** in appendix.

Customs Duties

New provisions to Law no. 8981, dated 12 December 2002 "On Ratification of Customs Duties".

According to the amended law, customs duties payable on the importation of goods falling under the custom codes 84, 85 and 87, have been reduced to 0%

Table 1

Code	Description	Excise Tax	
		Was	Becomes
IV	Tobacco and its sub-products		
09 01 11 00 09 01 12 00	Coffee, not roasted , decaffeinated or not	40 Lek/kg	50 Lek/kg
09 01 21 00 09 01 22 00	Coffee, roasted, decaffeinated or not	80 Lek/kg	100 Lek/kg
09 01 90	Coffee husks and skins Coffee substitutes containing coffee	40 Lek/kg	50 Lek/kg
22 08	Alcoholic drinks of an alcoholic force over 12 %	130 Lek/lit	150 Lek/lit
	Alcoholic drinks of an alcoholic force up to 12 %	30 Lek/lit	50 Lek/lit
22 08 20 29	Grape/Eau de vie	80 Lek/lit	100 Lek/lit
24 02 10 00	Cigar and cigarillos that contain tobacco	2 240 Lek/kg	2 240 Lek/kg
24 02 20	Cigarettes that contain tobacco	25 Lek/pack	40 Lek/pack
24 02 90	Cigar, cigarillos and cigarettes with substitute of tobacco	2 240 Lek/kg	2 240 Lek/kg

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