

Tax legislation

Tax and tariff regime in the Republic of Albania consists in a package of laws, directives, regulations, tax agreements with other countries which display a complete review of all kinds, levels, calculations, procedures, as well as the methods and forms of tax control for taxes included in the Albanian tax system.

Tax legislation is subject to continuous amendments and changes, due to the rapid developments of the economy. For more details see the website www.tatime.gov.al

Tax Rate

The Legal and physic persons in the Republic of Albania are subject to the following taxes:

Type of Tax	Tax Rate
Profit Tax	10%
Personal Income Tax	Progressive taxation with tax rates from 1% to 20%
Source Tax	10%
Value Added Tax	20%

Profit Tax

All companies (foreign or not) which are registered in the trade register and pay VAT are subject to the profit tax.

The Resident taxpayers are subject to taxation only for incomes generated (produced) in the territory of the Republic of Albania.

A legal person is considered resident in Albania if:

- a) he has a permanent residence (central offices) in the Republic of Albania
- b) he has an efficient center of business management in the Republic of Albania

The tax rate for profit tax is 10%.

The taxable profit for the tax period is defined based on the balance-sheet and its annexes which should be in conformity with the law no.7661, date 19.01.1993 “On accounting”, with the provisions of this law, as well as with the sub-legal acts issued by the Ministry of Finance to that end.

In order to settle the taxable profit in the Republic of Albania, the expenses carried out to profit-seeking, profit-security and profit-keeping, in case when these expenses are certified and documented by the taxpayer, as well as when they are subject to restrictions specified by this law are considered as expenses.

The basic document used to justify the expenses for tax effect is: VAT tax invoice, the simple tax invoice and any other document compiled and issued in conformity with the instructions of the Minister of Finance, in application of the tax legislation.

Value Added Tax

The Value Added Tax is payable:

- a. for all taxable supplies of goods and services realized against the payment by a taxable person, as part of his economic activity in the territory of the Republic of Albania.
- b. for all imports of goods in the territory of the Republic of Albania

The minimum limit of registration is 8 million leks (per calendar year) or any other amount defined by the Council of Ministers based on the item 5 of this article.

All legal and physical persons involved in export or import activities are constrained to register in order to pay the VAT.

Any other entity such as individuals, central and local government, social, politic and international organizations, diplomatic missions, etc, which carry out import-export activities, regardless of the turnover are also constrained to register. For any entity which carries out import-export activity, the customs operations will proceed after he submits the original or the notarized copy of the Certificate of the Identification Number for the Taxable Person (NIPT).

The total turnover is calculated based on the total price paid by the buyer, inclusive also the tax and condemnation fees (fines).

The VAT declaration and payment form is filled in two copies and the taxable person submits it to the respective bank with which the GDT has an agreement regarding the admission of VAT payments, within 14 days after the expiration of the tax period.

VAT is applied at 20% , unless otherwise settled by law. The following operations are excluded from payment of VAT:

- financial services supply
- gold, bank-notes or currencies supplies to the Bank of Albania
- Postage-stamp supply used for mail service or similar stamps
- Supply provided by a non-profit organization against a reduced payment is considered an excluded supply under the conditions laid down by the article 24 etc.

The taxable value of supply is the total amount paid to that supply, unless otherwise settled by law no.7928, date 24.04.1995.

Source Tax

All the residents in the Republic of Albania, central and local government, non-profit organizations and any other entity, recognized by the legislation into force, are

constrained to withhold the tax at source at 10% from the gross amount of the following payments, generated by a source in the Republic of Albania:

Interests	10%
Share of profit	10%
Fee for technical, management and financial services, etc.	10%
Fee for Rent	10%
Dividend	10%
Payment for author's and intellectual property right	10%

Taxable Base

The taxable revenues are fixed based on the balance-sheet and its annexes which should be in accordance with the law no. 7661, date 19.01.1993 "On accounting", with the provisions of this law, as well as with sub-legal acts issued by the Ministry of Finance to this end. Gains or other net revenues are the difference between the revenues and deductible expenses. The tax year corresponds to calendar year and it commences since January 1st and terminates on December 31st.

Deductible Expenses

As in other countries of the region, the expenses deducted from taxes are those which produce incomes, which ensure and maintain taxable incomes. The expenses are deductible if:

- They result from economic activities which produce revenues or if they are related to the usual management of the taxpayer' business activity.
- They provide sufficient documents which confirm the destination of these expenses.
- They are reflected into the book accounts by reducing the net assets

Personal Income Tax

All individuals, residents in Albania are subject to taxes for all incomes produced wherever in the world, while the non-residents are subject to taxes only for incomes produced within the border of the Albanian territory.

Tax on Personal Income from Labour

Taxable Income (monthly)	Tax Rate (%)	
Over (ALL)	Up to (ALL)	
0	10 000	0
10 001 +	30 000	+ 10 % over 10 000

30 001 +	and more	10 %
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Excise taxes

Excise goods in the Republic of Albania and the relative tax rates are shown in the table below.

Code NK	Description	Tax rate
I	Coffee	
09 01 11 00 09 01 12 00	Coffee, not roasted, whether or not decaffeinated	50 lek/kg
09 01 21 00 09 01 22 00	Coffee roasted, whether or not decaffeinated	100 lek/kg
09 01 90	Coffee husks and skins; Coffee substitutes containing coffee in any proportion	50 lek/kg
21 01 11 21 01 12	Extracts, coffee concentrates and their products	250 lek/kg
II	Fruit juices and other non-alcoholic beverages	
20 09	Fruit juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	2 lek/litre
22 02	Waters, including mineral waters and aerated waters, containing, containing added sugar or other sweetening matter or flavoured, and other non - alcoholic beverages, not including fruit or vegetable juices)	2 lek/litre
III	Beer, wine, alcohol and other spirits	
22 03	Beer made from malt - Of domestic and foreign producers producing less than 200 000 hectolitres per year - Of domestic and foreign producers producing more than 200 000 hectolitres per year	30 lek/litre 40 lek/litre
22 04	Wine, including sparkling wine, champagne, and grape must - Of domestic and foreign producers producing less than 10000 hectolitres per year - Of domestic and foreign producers producing more than 10000 hectolitres per year	20 lek /litre 35 lek /litre
22 05	Vermouth and other wines flavoured with plants and aromatic substances - Of domestic and foreign producers producing less than 300 hectolitres per year - Of domestic and foreign producers producing more than 300 hectolitres per year	20 lek /litre 35 lek /litre

22 06	Other fermented beverages (for example cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages with non alcoholic beverages, not elsewhere specified or included	20 lek /litre
22 07 10 00	Undenaturated ethyl alcohol, of an alcoholic strength by volume of 80% vol. or higher	400 lek/litre
22 07 20 00	Denaturated ethyl alcohol	0
22 08	Spirits, liqueurs and other spirituous beverages of an alcoholic strength by volume of 12 percent or more - Of domestic and foreign producers producing less than 20000 hectolitres per year	150 lek /litre
	- Of domestic and foreign producers producing more than 20000 hectolitres per year	200 lek /litre
	Spirits, liqueurs and other spirituous beverages of an alcoholic strength by volume of less than 12 percent	70 lek /litre
22 08 20 29	Grappa	100 lek /litre
IV	Tobacco and tobacco products	
24 02 10 00	Cigars and cigarillos containing tobacco	2 240 lek/kg
24 02 20	Cigarettes containing tobacco	40 lek/packet
24 02 90	Cigars, cigarillos and cigarettes containing tobacco substitutes	2 240 lek/kg
24 03	Other manufactured tobacco and manufactured tobacco substitutes, "homogenized" tobacco, tobacco extracts and essences	1 500 lek/kg
V	Energy products	
27 10 11 41 27 19 11 45	Petroleum Light oils (benzol) Oils with a lead content of less than 0,013 grams per litre - With an octane number (RON) of less than 95	37 lek /litre
	- With an octane number (RON) of 95 or more but less than 98 oktan	
27 10 11 49	- With an octane number (RON) of more than 98 Oils with a lead content of more than 0,013 grams per litre	50 lek /litre
27 10 11 51 27 10 11 59	- With an octane number (RON) of less than 98 - With an octane number (RON) of less than 98	
27 10 19 11 to	Medium oils	20 lek/litre
27 10 19 29 27 10 19 21	Jet fuel	0

27 10 19 31 to 27 10 19 49	Heavy oils (gas oils)	75 percent but no more than 37 lek per litre and not less than 17 lek per litre.
27 10 19 51 to 27 10 19 69	Fuel	13 lek /kg
27 10 19 71 to 27 10 19 99	Lubricating oils and other oils	40 lek/ kg
27 13 11 00 27 13 12 00	Petroleum coke and other oils	1 lek/kg
27 13 20 00	Petroleum bitumen	5 lek/kg
27 13 90	Other residues of petroleum oils or of oils obtained from bituminous minerals	5 lek/kg
27 14 90 00	Bitumen and asphalt, natural, asphaltites and asphaltic rocks	5 lek/kg
27 15	Bituminous mixtures based on natural asphalt, on natural bitumen, on petroleum bitumen, on mineral tar or on mineral tar pitch (for example bituminous mastics)	5 lek/kg
29 01 29 02	Acyclic hydrocarbons and cyclic hydrocarbons (benzene, ethylene, toluene, xylene)	5 lek/kg
34 03 19 91 34 03 99 10	Preparations for lubricating machines, appliances and vehicles	40 lek/kg
VI	Perfumes and toilette waters	
33 03 00 10	Perfumes	60 percent
33 03 00 90	Toilette waters	60 percent
33 07 20 00	Personal deodorants and antiperspirants	60 percent

Excise tax is refundable for the following items:

- Propellant oils used by producers of electricity resources, with a power of 5 MW or more for each energetic resource;
- Propellant used for agricultural purposes, for industrial and agro-industrial production, for quantities reflected in VAT invoices .

TYPES OF NATIONAL TAXES

1. PORT TAX RATE IN THE REPUBLIC OF ALBANIA

Ships pay Port taxes before they leave the one of the ports in the Republic of Albania. Foreign ships may pay their taxes in foreign currency freely convertible. Albanian individuals or juridical persons pay their taxes in domestic currency or in foreign currency.

Type of taxes	For every net ton of the registration of the ship for one month	For every net ton of the registration of the ship for a year
Port tax:	EURO	EURO
- For ships up to 50 TRN	10	30
For ships up to from 51 NRT up to 500 NRT	0,5	1
For ships up to 501 NRT	1,0	2
For target, passenger and Ro-Ro	1,50	5
For sportive ships, yacht	0,10	
Krujzera	0,4	
1. Lantern (semark)tax:		
All shipa	0,1	
2. Tax on formalities performed by the health entities, port captain board and other authorities:		
For all the kinds of ships, no exemptions	0,40	

2. CONSULAR SERVICE TAX

Consular Service Tax is collected by the Ministry of Foreign Affairs and the Minister of Interior and other subordinate institutions in according to the specifications made by Law.

Taxes on issuing visas and traveling documents:

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| 1. On issuing of passports for traveling abroad : | 2000 lek |
| 2. On issuing of passports by representative offices | 50 EUR |
| 3. Extension of the passports validity time | 15 EUR |
| 4. Permission issue for traveling | 200 lek |

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|---|-------------|
| 5. Permission issue for traveling by representative offices | 30 EUR |
| 6. Visa fees for foreign citizens | Reciprocity |
- For foreign citizens who enter the territory of the Republic of Albania in tourists groups, through tourist agencies, visas fee is based on a reciprocity criteria, no more than 1 Euro for those passing through terrestrial and water borders, and no more than 10 Euro for those passing through airports.
 - For those foreign citizens who do not need a visa for entry in Albania, entrance fee is based on a reciprocity basis, but no more than 1 Euro for those passing through terrestrial and water borders, and no more than 10 Euro for those passing through airports.
 - For those foreign citizens who do not need a visa for entry in Albania and are organized in tourist groups, visa fee is based on a reciprocity basis, but no more than 1 Euro for those passing through terrestrial and water borders, and no more than 10 Euro for those passing through airports.

Individual tourists and those organized in tourist groups, staying in the territory of Albania for one day do need to pay visa or entrance fee.

4. TAX ON FOREIGN CARS CIRCULATION

Border Customs agencies are in charge of collecting the tax on the circulation of foreign vehicles in the territory of Albania. Immediately after entering the territory of Albania individuals with foreign vehicles obtain an Entrance Certificate.

Individuals with foreign vehicles staying in Albania for no more than 60 days in a year are exempt from paying the circulation tax. They only pay one Euro when leaving the territory of Albania. For each day above the limit of 60 days, circulation tax is calculated as shown below:

IN EURO

1. For passengers cars less than 8+1 seats (including driver seat), per day or part of the day ; 1
2. For passengers cars with 8+1 seats (including driver), per day or part of the day; 2
3. On passengers' buses, tax charged is defined on reciprocity basis;
4. For lorries, trailers or other transportation vehicles of goods the tax charged is defined on reciprocity basis;
5. In cases vehicles are not loaded, the tax charged is defined on reciprocity basis.

5. IMPORT TAX ON USED CARS

The tax agents charged with collection of the import tax on used cars are the customs branches in border crossing. This tax is payable by the importer of the vehicle in the time of its clearance.

Tax on import of second hand vehicles is calculated as below.

- For vehicles older than 10 years:
 - a) for other transportation vehicles not more than 10 seats (passengers), minibuses, vehicles for goods transportation up to 5 tons: 128 000 lek;
 - b) for buses and other means of goods transportation, with a transporting capacity over 5 tons: 160 000 lek;
 - c) for road tractors: 64 000 lek.
- For vehicles with less than 10 years:
 - a) for other transportation vehicles not more than 10 seats (passengers), minibuses, vehicles for goods transportation up to 5 tons: 80 000 lek;
 - b) for buses and other means of goods transportation, with a transporting capacity over 5 tons: 80 000 lek;
 - c) for road tractors: 48 000 lek.
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Tax on importation of vehicles (cars) is assessed according to the formulae:

A fixed amount * engine cylinders * coefficient on the year of production.

- A fixed amount of 20 thousand lek on any imported benzene- supplied car, and 25 thousand lek on any imported diesel- supplied car.
- Engine cylinder implies burning capacity volume of the engine expressed in cubic centimeter.
- Number of years that vehicle has been used implies the difference between the year when the vehicle or car enters an Albanian customs house and that of its production.

The coefficient on the number of years in use is as follows:

Up to two years from date of production, the coefficient is	0,0016
More than two years up to four years from the date of production	0, 0024
More than four years up to seven years from the date of production	0,0029
More than seven years up to ten years	0,0032
More than ten years	0,0048

7. TAX FOR USING THE RADIO-TELEVISION DEVICES

This tax is payable for individual wireless and television receivers who are technically able to receive radio or television broadcasts

Tax rate varies from: **100-400 Leks**

8. TAX FOR USING THE PHONE NUMBER (CABLE AND CELL PHONES)

The respective operators of the telephonic number are charged with the collection of this tax which is payable within the first quarter of each year.

The tax rate varies: **200-700** Leks

9. TAX ON OPERATIONS AND SERVICES PERFORMED BY THE JUDICIAL ADMINISTRATION, MINISTRY OF JUSTICE, NOTARY, REAL ESTATE REGISTRATION OFFICE, PROCUREMENT AND CIVIL STATE OFFICES

The Ministry of Justice, the judicial entities, Procurement Office, Notary Offices and Real Estate Registration Offices are charged with the collection of these taxes.

Kind of Tax	Tax Rate (in leks)
A .Tax on operations and services performed by the judicial administration and procurement office	100 – 1500 leks
B. Tax on operations performed by the judicial executor -execution of decisions, notices, etc. -against the legal persons and citizens	100 – 750 Leks 3 – 7 %
C. Tax on operations performed by notary offices	100 – 1000 Leks
Ç. Tax on operations performed by real estates registration offices	50 – 300 Leks

10. UNIVERSITY REGISTRATION TAX (FEE)

The universities and other Academies are charged with the collection of this tax. These taxes are cashed not later than 30 days from the official date of the beginning of the school year, in any academic year.

The tax rate is: **200** Leks per year

11. TAX ON RADIO CUMMUNICATION SERVICES

Tax on radio communication services is an annual tax and it is cashed until the last day of the first quarter of the year.

Tax on private service of radio communication

I.Aeronautic service: **3000-80000** Leks per year

II. Maritime service: **500-10000** Leks per year

III. Satellite service: **15000-1200000** Leks per year

IV. Movable service in earth

1. Movable service (PMR), in the band 146 MHz to 470 MHz

A. Duplex and middle duplex system with channel width up to 12,5 KHz:

Service area	Connections between two recidivist (fix)channels with movable channel	Fix channel connection and/or movable channel with movable channel
up to 15 km	15 000 leks per year	10 000 leks per year
over 15 to 40 km	25 000 leks per year	20 000 lekas per year
over 40 to 80 km	55 000 leks per year	40 000 leks per year
over 80 km	80 000 leks per year	65 000 leks per year

- 2. National “Trunk” system: **100000 – 150000** leks per year
- 3. Regional “trunk” system: **30000 - 40000** leks per year
- 4. TETRA system: **20000 - 50000** leks per year

V. Fix service for telecommunication operators:

Double-sided connection:

System in band up to 80 MHz	80 000 leks per year for every channel 3 kHz
System in band 80 to 500 MHz Channel 25 kHz	40 000 leks per year for every channel 25 kHz
System in band 500 to 1000 MHz	25 000 leks per year for every channel 200 KHz 50 000 leks per year for every channel over 200 kHz.

System in band over 1000 MHz

- a) analogue: **30 000 – 60 000** leks per year
- b) digital: **5000 – 50 000** leks per year

Tax on radio communication public services

1. Terrestrial fix service:

- For non-exclusive use of frequencies: Analogue system (radio-relea) For every telephonic channel 3 kHz	3000 leks per year
Digital system (radio-rele)	1500 leks per year
For every telephonic channel 64 kHz	
Digital system (radio-rele) for every link 2 Mbit/sek	20 000 leks per year
Radio Systems of rural telephony for every telephonic channel	1 000 leks per year
Wireless system in 3,5 GHz for every 1 MHz	100 000 leks per year
Wireless system in 10, 5 GHz for every 1 MHz	60 000 leks per year
Wireless system over 10,5 GHz for every 1 MHz	40 000 leks per year

With regard to Wireless systems the taxes include the following:

In 3,5 GHz	200.000 leks per year for every 1 MHz
In 10.5 GHz	150.000 leks per year for every 1 MHz
Over 10.5 GHz	100.000 leks per year for every 1 MHz

- Movable telephonic public service (GSM, EGSM, DCS 1800, Imt – 2000)	150 000 leks per year for every channnel 200 kHz
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- **Internet service**

Satellite system connection for every unit 64 kb/s	10 000 leks per year
Radio rele system connection for every unit 64 kb/s	1 500 leks per year

12. ANNUAL TAX ON RADIO AND TELEVISION TRANSMISSION SERVICES

The National Council of Radio Television is charged is the collection of this tax.
The National Council of Radio Television prepares the technical calculations of this tax according to the attachment 9 of the law.

With regard to the analogue terrestrial television transmitters or recidivist , terrestrial FM radio, AM radio for radio television private, national and local operators:

1. for every analogue terrestrial television transmitter or recidivist , based on the radiated power: **1500 – 60000** leks per year
2. for every terrestrial FM radio transmitters or recidivist based on the radiated power: **300 – 12000** leks per year

13. TAX ON BORDING PASS (ALBANIAN TERRITORY)

This tax is payable at the time when the the traveller byes the plane ticket to pass the border of the Republic of Albania

The fix tax rate is: **10 €**

14. TAX ON SUPPLYING WITH NAVIGATION PASSPORT

The navigation passport is an identification document of the ship crew members or other persons who may work and travel by theses ships.

The fix tax rate is: **740** leks per person

15. ANNUAL TAX FOR EXERCISING FISHING ACTIVITY

The obligation to collect this tax is produced at the moment after the license to exercise the fishing activity has been taken. Once the respective taxes have been paid then the licenses to exercise the fishing activity are issued.

I. Maritime Fishing (for one ship)	Leks per year
1. Ending maritime fishing:	40000-80000
2. Pelagic fishing with trata-volante:	20000-40000
3. Pelagic fishing by encirclement:	10000-30000
4. Ending and Pelagic fishing:	40000-90000
5. Fishing by selective measures and ending trate:	15000-80000
6. Bivalve mollusks fishing: (authorized)	60000
II. Artisan fishing by using light tools:	5000-20000
III. Sportive fishing into the sea:	

By navigation crafts (for one craft): 40000

IV. Aquaculture 1000-10000

16. TAX ON ACTS AND STAMP

The citizens are constrained to pay such a tax for every document issued by the civil state offices.

The tax rate is: **50-700 leks**

17. ABROGATED

18. ABROGATED

19. MINERAL RENT TAX is fixed upon the law no.7796, date 17.02.1994 “Albanian Mineral Law”. The annual fee for a permission of mineral exploitation has as minimum amount the equivalent in leks of 3000 Swiss francs and as maximum amount the equivalent of 10000 Swiss francs for one km².

20. TAX ON CHANGEOVER OF OWNERSHIP RIGHT

This tax is applied to any change of ownership of means. The tax on changeover of ownership is collected at the moment when the document on the changeover of ownership (by the notary act of sale, donations or other similar means) is submitted to the Regional Directorate of Road Transport for further procedures to be provided with a new circulation permit.

For the movable property (vehicles) this tax is 2% of the value of the transferred property and it is paid at the moment when this transfer is finished.

21. ANNUAL TAX OF ROAD CIRCULATION OF VEHICLES

No.	Type of Vehicle	Tax rate in Leks
1	Cycle motorbike	...
2	Motor vehicles	500
3	Cars	7000-35000
4	Mixed transport vehicle	26000-37000
5	Trucks:	46000-92000
6	Buses:	34000-53000
7	Special use vehicle:	37000-92000
8	Special transport vehicle:	37000-106000
9	Road tracking	50.000
10	Auto camp	46.000

11	Trailer	5000-17000
12	Middle trailer : <=7000 kg and >7000 kg	36.000
13	Land machine:	2000
14	Technologic machine:	20000-54000
15	Special road vehicles:	37000-92000

22. CARBON TAX

It is fixed at 0,5 leks per liter for petrol and benzene and one(1) lek per liter for gasoline.

23. TAX ON PLASTIC PACKING is fixed at:

- a) 2 leks per piece for packing with capacity over 1,5 liters;
- b) 1 lek per piece for packing with capacity 1,5 liters or less than 1,5 liters.

24. TAX ON REGISTRATION OF GAMBLING, CASINOS FOR SPORTIVE RACES HELD IN HIPPODROMS

The tax on registration of gambling, casinos for sportive races held in hippodromes is payable only once at the beginning of such activities and their registration.

Type of Tax	Tax rate
For gambling as arithmetic games, sportive gambling, profitable lottery and electronic games	10.000.000 leks
For casino	1.000.000.000 leks
For sportive races held in hippodromes:	20.000.000 leks