

THE MAIN TAXES IN THE ALBANIAN TAX SYSTEM

Tax legislation

Tax 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	10%
Withholding 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 “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 VAT threshold for registration is 5 million lek (per calendar year) of the annual business turnover and 2 million lek per the free professions.

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 annual 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 three copies and the taxable person submits it to the respective bank with which the DGoT 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:

- education
- 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.

Reduced rate at 10% is applied in the health sector (medicines and health services).

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

Withholding 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 "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.

Excise taxes

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

NC	DESCRIPTION	TAX RATE
I	CAFE	
09 01 11 00 09 01 12 00	Coffee, not roasted, whether or not decaffeinated	30 lekë/kg
09 01 21 00 09 01 22 00	Coffee roasted, whether or not decaffeinated	140 lekë/kg
09 01 90	Coffee husks and skins; Coffee substitutes containing coffee in any proportion	50 lekë/kg
21 01 11 21 01 12	Extracts, coffee concentrates and their products	250 lekë/kg
II	BEER, WINE, ALCOHOL AND OTHER ALCOHOLIC BEVERAGES	
22 03	Beer made from malt <ul style="list-style-type: none"> – Up to 70.000 hl: – From 70.001 hl up to 200.000 hl: – From 200.001 hl up to 300.000 hl: – Over 300.000 hl: 	10 ALL/ Liter 12 ALL / Liter 15 ALL / Liter 30 ALL / Liter
22 04	Wine, including sparkling wine, champagne, and grape must <ul style="list-style-type: none"> - 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 lekë/ Liter 35 lekë/ Liter
22 05	Vermouth and other wines flavoured with plants and aromatic substances <ul style="list-style-type: none"> - 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 lekë/ Liter 35 lekë/ Liter
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 lekë/ Liter
22 07 10 00	Undenaturated ethyl alcohol, of an alcoholic strength by volume of 80% vol. or higher	400 Lekë/ Liter
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 - Of domestic and foreign producers producing more than 20000 hectolitres per year	220 Lekë/ Liter 300 Lekë/ Liter
	Spirits, liqueurs and other spirituous beverages of an alcoholic strength by volume of less than 12 percent	100 Lekë/ Liter
22 08 20 29	Grappa	100 Lekë/ Liter
III	Tobacco and tobacco products	
24 02 10 00	Cigars and cigarillos containing tobacco	2 500 Lekë/kg
24 02 20	Cigarettes containing tobacco	70 Lekë/package
24 02 90	Cigars, cigarillos and cigarettes containing tobacco substitutes	2 240 Lekë/kg
24 03	Other manufactured tobacco and manufactured tobacco substitutes, “homogenized” tobacco, tobacco extracts and essences	1 500 Lekë/kg
IV	PETROLEUM PRODUCTS	
	Oil “Virginia “	50 Lekë/ Liter
27 10 11 41 27 19 11 45 27 10 11 49 27 10 11 51 27 10 11 59	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 - With an octane number (RON) of 95 or more but less than 98 oktan - With an octane number (RON) of more than 98 Oils with a lead content of more than 0,013 grams per litre - With an octane number (RON) of less than 98 With an octane number (RON) of less than 98	37 Lekë/ Liter 50 Lekë/Liter
27 10 19 11 deri 27 10 19 29 27 10 19 21	Medium oils Jet fuel	20 Lekë/ Liter 20 Lek/ Liter

27 10 19 31 deri 27 10 19 49	Heavy oils (gas oils)	37 Lekë/ Liter
27 10 19 51 deri 27 10 19 69	Fuel	37 Lekë/kg
27 10 19 71 deri 27 10 19 99	Lubricating oils and other oils	40 Lekë/kg
27 13 11 00 27 13 12 00	Petroleum coke and other oils	2 Lekë/kg
27 13 20 00	Petroleum bitumen	5 Lekë/kg
27 13 90	Other residues of petroleum oils or of oils obtained from bituminous minerals	5 Lekë/kg
27 14 90 00	Bitumen and asphalt, natural, asphaltites and asphaltic rocks	5 Lekë/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 Lekë/kg 5 Lekë/kg
29 01 29 02	Acyclic hydrocarbons and cyclic hydrocarbons (benzene, ethylene, toluene, xylene)	37 Lekë/kg
34 03 19 91 34 03 99 10	Preparations for lubricating machines, appliances and vehicles	40 Lekë/kg
V	Fireworks	
3604 10 00	Fireworks	200 Lek/kg
3604 90 00	Others	200 Lek/kg
VI	Tires	
4011	New pneumatic tires, of rubber:	20 Lek/kg

4012 (pervec 4012 20 00)	Pneumatic tires, tires or rubber tires (spare tire), the outer casing and (clip the rubber)	40 Lek/kg
4012 20 00	Used pneumatic tires	100 Lek/kg
VII	Pila and primary batteries, batteries ELECTRICAL	
8506	Pilate and primary batteries	200 Lek/kg
8507	Electric accumulators, including their walls, whether or not rectangular (including square)	20 Lek/kg
VIII	PACKAGING	
	Plastic packaging Glass packaging Mixed packaging	100 Lek/kg 10 Lek/kg 20 Lek/kg
IX	Incandescent lamps	
85 39 22 10	Reflector Lamps	100 Lek/Piece
85 39 22 90	Other	100 Lek/ Piece
85 39 29 92	More than 100 V	100 Lek/ Piece
85 39 29 98	No more than 100 V	100 Lek /Piece

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

National taxes are:

1. Port taxes.
2. Circulation tax (on fuel).
3. Tax on used vehicles.
4. Tax on mineral rent.
5. Tax Act and stamp.
6. Carbon tax :

7. Tax on the exercise of fishing.

PORTAL TAX

Portal tax is calculated at the rate of 1 Euro. This tax is paid from every ship that is anchored and trade in all Albanian ports.

CIRCULATION TAX.

This is a fixed tax, per liter on diesel and petrol, on imports or local production, at 5 ALL/Liter until 31.12.2011, and starting from 01.01.2012, this tax will be 7 ALL/Liter for petrol and diesel.

ANNUAL TAX FOR USED CARS

The formula of the application of the annual tax on used vehicles is:

Cylinder in cm³ x coefficient based on used years x the fixed fee on fuel type;
Fixed fee for the type of fuel is 25 ALL on oil and 20 ALL on gasoline.

The obligation to pay the annual fees on the vehicle rests on the owner, before the mandatory technical annual inspection of the vehicle. It should be noted that this tax is divided between local and central government. For this reason, 18% of the annual tax revenues on used vehicles will go to the local government budget, in order for them to preserve the income they are currently receiving.

Vehicles that do not have cylinder, no environmental tax will be applied, as the formula is based on the vehicle cylinder.

The vehicles that are 3 years old are exempt from paying the annual tax on used vehicles, due to the fact that these vehicles are relatively new and do not cause environmental pollution.

CARBON TAX

Carbon tax is applied on:

- Petrol: 1.5 ALL/Liter
- Solar and Mazut: ALL/Liter
- Kerosene: ALL/Liter
- Petroleum coke: ALL/Liter
- Diesel: 3 ALL/Liter

MINING TAX RATE

Every natural or legal person who is licensed and / or operating in the mining industry, according to a contractual relationship with the Minister responsible for economy, mining has to pay rent for natural resources extracted from / on / and subsoil of the Republic of Albania . Mining Rent calculated monthly obligation taxpayer's subject at the time when

he sells mineral products. In the case of export of mineral products, rent paid at the time of making the export declaration. 25 percent of revenues from mining Rent exceed local government where the activity. Mining Rent determined by multiplying the total value of the product wholesale to the percentage of rent, as defined in Appendix below.

PERCENTAGE OF MINING RENT CLASSIFICATION

No.	Name of group minerals under the Mining Law	Percentage of mineral rent
I	First group (I) METAL MINERALS	
1	Silver Minerals	10
2	Gold Minerals	10
3	Copper Minerals	6
4	Chromium Minerals	6
5	Minerals Nickel (nickel-silicate)	6
6	Iron minerals (iron-nickel)	5
7	Lead minerals	5
8	Zinc Minerals	7
9	All other metallic minerals	4
II	Second Group (II) Non-metallic minerals	
10	All non-metallic minerals	4
III	Third Group (III) Coal and Bitumen	
11	Charcoal	5
12	Bitumens	5
13	Oil sands	5
14	Reshpet naftore	5
15	Pyro-bitumen	6
IV	Fourth Group (IV) MINERALS AND CONSTRUCTION MATERIALS	
16	Graniti	6
17	Limestone	5
18	Gabbro	5
19	Basalt	4
20	Conglomerates	7
21	Marble	7
22	Construction tiles	7
23	Pllagjiogranitet	5
24	Sandy	7
25	Serpentinitet	5
26	Travertine	5
27	Traktolitet	5

28	All other minerals in the fourth group	5
V	Fifth Group (V) Precious Stones	
29	All minerals in the fifth group	10
VI	Sixth Group (VI) Stone and opal semi-precious stones	
30	Gjithe mineralet e grupit te gjashte	10
31	SeventhGroup (VII) Oil and Gas	10

TAX Act and Stamp

	Tax Measure In lekë
1. For the issuance of certificates of registry	50
2. For issuing identity cards to the country	100
3. To obtain any certificate issued or missing civil, and corrections them	50
4. To record the granting of citizenship	700
5. On leaving the citizenship registration	700
6. To record the decision of changing the name or surname	700
7. For any wedding related	600

ANNUAL TAXES FOR ACTIVITY FISHING

	Lekë per Year
Sea Fishing (for 1 ship)	
1. Sea fishing :	
- ship 160-200 HP	40 000
- ship 201-410 HP	50 000
- ship over 410 HP	80 000
2. Fishing pellagjik with tratavolante:	
- ship 160-200 HP	20 000
- ship 201-410 HP	30 000
- ship over 410 HP	40 000
3. Fishing pellagjik with enclosures:	
- ship 80-200 HP	10 000
- ship 201-410 HP	20 000
- ship over 410 HP	30 000
4. Fishing pellagjik and finite:	
- ship 160-200 HP	40 000
- ship 201-410 HP	60 000
- ship over 410 HP	90 000
5. Fishing by means selektike:	
- ship 40 - 80 HP	15 000
- ship 81-160 HP	25 000

- ship 161-200 HP	40 000
- ship 201-410 HP	50 000
- slip over 410 HP	80 000
6. Bivalve molluscs fishing (authorised)	60 000
II. Artisanal fishing with light tools:	
Fishing on the coast (for a sanall and motor to 40HP)	7 000
2. Fishing in coastal lagoons:	
- Lagoon (1 sailor)	10 000
- In dajlane (1 fisherman)	12 000
3. Fishing in inland waters:	
- active (1 sailor)	5 000
- in the ambush dajlane (1 fisherman)	8 000
4. Collection of bivalve mollusks with light (Gabi) to 1 (one) Fisherman	20 000
III. Sport fishing in the sea with sailing (for a tool)	40 000
IV. Aquaculture:	
1. Cultivation of mussels for a plant	10 000
2. Cultivation of fish with plants in sea, lakes, reservoirs	1 000
3. Aquaculture of plants on earth	10 000

Note: For foreign vessels fishing license to take in our territorial waters, the permit fees of activity is double the Albanian ship. Not subject to this tax vessels authorized by the Ministry of Environment, Forests and Water Administration (Directorate of Fisheries), to be fishing for scientific research purposes.