

# Albanian Bulletin

---

MARCH 2013

## **Tax & Legal update** **Tax & Legal amendments March 2013**

The Albanian Parliament has adopted a series of amendments to the existing fiscal legislation as well as introduced new laws in the attempt to support and improve the commercial and business activity in the country. The following Laws and Instructions have been amended or introduced as new:

- Instruction no. 10 dated 25 February 2013 “On some changes and amendments on Instruction no. 5 dated 30 January 2006 “On the income tax on the Republic of Albania” as amended”

The purpose of this Bulletin is to summarize the above changes to tax legislation.

Please be advised that this summary is not intended to be exhaustive for its users but due to the high number of changes and also to the ongoing changes in the tax and related legislation you would find in this edition a series of new laws introduced and amended, which all need appropriate attention from your part.

## 1. Income tax

- **Instruction no. 10 dated 25 February 2013 “On some changes and amendments on Instruction no. 5 dated 30 January 2006 “On the income tax on the Republic of Albania” as amended”**

### (i) Income exempted by income tax

Two types of exempted income are added as follows:

- Indemnification based on court decision, as well as compensations decided for court costs. The indemnification received based on a court decision by the employees for whom the court decided their return to their lost job position and the right to receive the salary up to that moment, is not part of this exemption.
- The income earned by the individuals for their achievements in science, sport, culture, awarded to them by the state owned institutions, according to the decisions of the Council of Ministers, which define the amount and the criteria, also included on the annual state budget.

### (ii) Deductible expenses for purposes of personal income tax

The scholarships granted to the pupils and students from the public and private education institutions are recognized as deductible expenses for tax purposes up to the amount established by the decisions of the Council of Ministers, upon the condition that these institutions should submit by the beginning of the school year near the Ministry of Education and Science, the number and amount of scholarships which will be granted. After that the institution/taxpayer presents near the relevant tax authority copy of the approved documentation by the Ministry of Education and Science, which indicates again the number and amount of scholarships granted to the students or pupils. The educational institutions which benefit from this recognition should be accredited by the Ministry of Education and Science.

### (iii) The right of losses to be carried forward

The transfer of the loss carried forward of the company is not allowed, as far as the carried forward of the loss should be related only to the taxpayer which incurs it. Therefore, in case that during a fiscal period, the direct or indirect ownership of the owned capital changes by more than 50% in value or in voting rights, the right to carry forward the loss in that period and on the subsequent periods is lost.

### (iv) Tax on profit prepayments

The tax on profit might be paid in the form of quarterly prepayments, for the first quarter until date 30 March, for the second quarter until date 30 June, for the third quarter until date 30 September, for the fourth quarter within date 30 December.

The tax on profit might be paid by monthly installments as well, not later than date 15 of each month. The quarterly and monthly installments are calculated as it is defined in point 3.13.1 of the Instruction: The tax authority, based on the financial data declared by the taxpayer in its year ended financial statements, as adjusted in compliance with the results of the tax audits carried out near the taxpayer, prepares the tax on profit notification form for the taxpayer. The notification for the repayments for the period January – April of the subsequent year is submitted to the taxpayer within date 15 December of the previous year, whereas the notification for the payment of the installments for the period May – December is notified to the taxpayer within date 15 April.

For the current financial year, the tax on profit prepayment installment is calculated based on the amount of the tax on profit prepayments of the two previous years of activity of the taxpayer.

In case the taxpayer has less than two previous years of activity, the installments are calculated based on the estimation of the taxpayer and on the previous year of the activity (if only one).

In case the taxpayer has started its activity in the current year, the installments are calculated based on its estimation of the profit for the current financial year.

Examples for each case are provided by the Instruction.

- (v) The tax on the transfer of the ownership of the immovable property  
This type of tax is abrogated.

\*\*\*\*\*

**For more information please contact:**

**Eniana DUPI LL.M**  
**Partner – Tax & Legal**  
**Email: [edupi@aeco-consulting.com](mailto:edupi@aeco-consulting.com)**

**Olti VISHA**  
**Senior – Tax & Accounting**  
**ovisha@aeco-consulting.com**

**AECO CONSULTING shpk – TAX ADVISORS**

**Rr. Perlat Rexhepi, P.6**  
**Ap. 23, K.2, Tirana, Albania**

**Tel.: +3554500439/40**  
**Office Mobile: +355684039794**

**Number of Employees: 7**  
**Number of lawyers: 2**  
**Foreign languages:** English, Italian  
(professional level), German, Greek,  
Turkish (communication level)

**Email:** [edupi@aeco-consulting.com](mailto:edupi@aeco-consulting.com)  
**Personal mobile:** +355682086463  
**Url:** [www.aeco-consulting.com](http://www.aeco-consulting.com)  
**Contact person:** Eniana DUPI, LL.M  
**Partner**

**AREAS OF PRACTICE**

**Business and Management Consultancy**

(profit maximization, investment, financial planning, restructuring)

**Corporate Finance**

(formation of an enterprise, mergers & acquisitions, venture capital)

**International Tax Accountancy**

consultancy and tax conception, group taxation, transfer pricing, double taxation)

**Domestic Tax Law**

(administrative and court tax appeals, tax planning and consultancy, tax compliance)

**Labor Law**

**Commercial Law**

(contracts, capital increase/decrease, due diligences, debt/equity financing)

**Customs Law**

**Administrative Procedure Law and Litigation**

**Competition Law**

**Projects - Concession Agreements**

**Construction Law**

**Auditing**

**Accounting**

(bookkeeping, payroll accounting, setting up financial statements)

**Reporting**

(quarterly and yearly reporting under IFRS/GAAP)