

Albanian Bulletin

June 2013

Tax & Legal update **Tax & Legal amendments June 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. 14 dated 24 May 2013 “On some amendments to Instruction no. 5 dated 30 January 2006 “On income tax”, as amended
- Law no 154/2013 dated 30 May 2013 “On some amendments on Law no. 10418 dated 21 April 2011 “On the legalization of capital and partial fiscal/customs duties amnesty”, as amended
- Instruction no. 17 dated 13 June 2013 “On some amendments on Instruction no. 24 dated 02 September 2008 “On tax procedures in 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.

- **Income tax**

Deductibility of bad debt for tax purposes

The bad debt, in cases of banks, branches of foreign banks and other financial institutions licensed from Bank of Albania for lending activity, is written off from the books (upon undertaking all the prior steps as per the provision of article 24 of the Law), as follows:

- (i) 365 calendar days after lodging the request for the initiation of the proceedings of the enforced execution by the bailiff, when the loan is secured by mortgage or pledge (movable property),
- (ii) 365 calendar days after the issuance by the court of the execution order, in case of a non secured loan

- **Legalization of capital and fiscal amnesty**

The right of the subjects of the Law 10418 to benefit from the legalization of capital and partial fiscal/customs duties amnesty, is postponed until date 31 December 2013 .

- **Tax procedures**

Instruction no. 17 specifies the obligation of the registration of the tax (VAT) representative, to be registered not any longer near the National Registration Center but near the Regional Tax Directorate where the individual or juridical entity who will act as the tax representative of the foreign tax resident is registered for tax purposes.

The additional requests introduced by the Instruction in relation to the establishment and functioning of the tax representative are as follows:

- (i) Documentation: In the required documentation it is added also the special power of attorney issued by the foreign tax resident who has the obligation to establish a tax representative in Albania to the individual or juridical Albanian entity who will act as such on behalf and for the account of the foreign tax resident who offers services in Albania,
- (ii) Declarations: Upon the application of the new procedure in the fiscal practice, the registered tax representative is obliged also to deposit the annual declaration of income and not only the monthly VAT declaration. The taxation of income based on the required declaration will be treated on a case by case basis and is not subject of this newsletter.

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