

Paying Taxes– Albania - www.doingbusiness.org

Dear Eniana Dupi,

We would like to thank you for your cooperation with the Doing Business project. The information you provide is analyzed and presented in the Doing Business report, an annual publication of the World Bank and the International Finance Corporation that benchmarks business regulation in 184 economies worldwide. The same data is also used for a joint World Bank Group and PwC publication entitled Paying Taxes: The Global Picture. The goal of Doing Business is to inspire more efficient business laws and regulations.

Last year's report, Doing Business 2012: Doing Business in a More Transparent World, was a great success and inspired more than 4,400 media citations within 1 month of publication, thanks to the generous contribution of 9,028 experts like yourself in 184 economies.

For Doing Business 2013, we are honored to be able to count on your expertise. In addition to providing data for the year 1 January 2011 to 31 December 2011, we would be interested in understanding any reforms affecting paying taxes in your country since 2011. We also particularly draw your attention to the qualitative Tax Administration questions, the completion of which provides valuable insight into the tax system of your country. We therefore urge you to provide us with this information.

Please submit the completed questionnaire by 15 March 2012 at the latest.

Thank you again for your invaluable contribution to the World Bank's work.

Sincerely,



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A. Case study assumptions

In order to make responses comparable across countries, a standardized case study was developed. For detailed assumptions, please see Section E at the end of the survey. Please bear in mind the following key assumptions for a standardized company called "TaxpayerCo." described below when completing the survey:

Type	TaxpayerCo. is a limited liability company and operates in a typical manufacturing location in the most populous city in the country (see city used below).
Location	Tirana
Ownership	It is 100% domestically and privately owned and has 5 owners, none of whom is a legal entity. One of the owners is also a manager.
Start of company operations:	January 1, 2010 (On that date the company bought all the assets and hired all its workers.)
Year of assessment:	January 1, 2011 – December 31, 2011
Type of operation	Taxpayerco. performs general industrial, manufacturing and commercial activities - it produces ceramic flower pots and sells them at retail. All its transactions are purely domestic and it does not handle any products subject to a special tax regime, such as liquor or tobacco.
Sales	ALL 285953722
Assets: Land	The company began operations owning 2 plots of land. The area of each plot is 6,000 square feet (557.4 square meters). Plot number 2 was sold at the beginning of 2011. Any property transfer tax due on the sale needs to be listed. Also if there is a stamp duty payable on the sale contract, please include this duty as well.
Assets: Building	The building where production and storage takes place was originally 10,000 square feet (929 square meters), located in plot 1. It was expanded in 2011 with proceeds from sale of land plot 2.
Assets: Vehicle	Truck is used to ship products to clients, and is classified as a non-luxury and medium size unit. This truck does on average 80,000 km per year (50,000 miles per year) and weighs 15,300 kilos (34,000 pounds) when loaded.
Capital:	The capital has not changed since the company was created.
Incentives:	TaxpayerCo. does not qualify for investment incentives or any special benefits.
Mandatory tax books and records:	In the course of the financial year, companies are required to maintain various books and records for accounting and audit purposes. These books are often used also for preparing tax computations and completing tax returns. In some cases, tax laws or tax authorities may also require companies to keep additional books and records specifically for tax purposes, which are over and above those kept for the accounting and audit processes, and which are not required for the financial reporting processes. In completing compliance time, there is an entry under each of the three tax categories for time related to maintaining mandatory tax books and records. Please disregard in those entries any time spent on books and records which are also used for financial accounting or audit purposes.
Employees:	The company has 60 employees: 4 managers, 8 assistants and 48 workers. All the workers were hired on the same day: January 1st, 2010. No employee has left the company and no new employee has joined the company since January 1, 2010. One of the managers is also an owner. All employees at any given level earn the same wage as others at their level. All employees are nationals, male and married with two children each.
Capital gains:	In the second year (2011) the company sells a plot of land that it has owned for 12 months at a price 20% higher than original cost of the land plot. Please indicate if there is a capital gains tax separate from corporate income tax by including the tax rate in the appropriate field. Please note that half of the proceeds from this sale are reinvested in assets (by expanding the existing building).
Taxes:	The company is liable for taxes charged at the local, state/provincial and national level. Please consider taxes at all levels when completing the survey.
Social security contributions and payroll taxes:	Please include all social security contributions and payroll taxes paid by the employer for each category of employee on the wages and salaries paid by the company. These taxes may be termed differently in different economies. These taxes and contributions should be split between those that are a cost to the employer and those that are withheld by the employer on behalf of the employee.
Dividends:	The second year (2011) the company distributes 50% of its profits to its owners. Please provide any dividend tax borne by the company in this transaction. If the company merely withholds tax on paying shareholders, EXCLUDE this withheld dividend tax. The dividends are paid in cash. The other 50% of profits are kept as retained earnings.
Fuel expenses:	TaxPayerCo purchases vehicle fuel and therefore should pay fuel tax (if applicable). Fuel tax may be embedded in the price of fuel paid at the pump upon fuel purchase.
Environmental duties:	TaxpayerCo produces 2 tons of non-toxic waste per month and therefore must pay the tax or other duties (if any) associated with waste production.
Accounting rules:	Accounting is compliant with applicable GAAP (whether local or international depending on your national laws). This includes for example, the IAS/IFRS regime if applicable to your country.

1. Between January 1, 2011 and December 31, 2011 was there any **change to the tax laws, regulations or administration** in your country?

- Yes
 No

If yes, please explain.

If yes, please explain. L10456 dated on excise taxes 21 July 2011: if excise taxes are not reimbursed within each month, then the taxpayer has the right not to pay further taxes which are compensated with the non reimbursed excise tax, with exception of social and health contributions.

L10418 dated 21 April 2011 on fiscal amnesty and capital legalization based on which the taxpayer can: legalize its non legalized/declared capital by paying 3 per cent withholding tax for the deposited capital, reevaluate its property and machinery by paying from 3-5 per cent tax, be forgiven the tax and customs obligations for year 2008, for year 2009 only 70% and for year 2010 only 50%.

Law 10459 dated 21 July 2011 On the levels of the customs tariff which reduces to zero the customs tariffs on additional goods coded as per the harmonized system. Decision no. 912 dated 28 December 2011 introduces the new customs combined nomenclature of goods.

Instruction no. 9 dated 26 April 2011 provides for the individual annual declaration of income within date 30 of April of each year for the previous calendar year. The Instruction specifies the cases of exception from declaration and of items exempted from the taxation. Residential individuals are obliged to complete such declaration for all their worldwide income, whereas foreign residents only for the income generated in Albania.

Instruction no. 26 dated 02 December 2012 "On VAT" specifies that in case a non resident taxpayer supplies services in Albania then he has the obligation to appoint a tax representative for paying VAT in Albania, regardless of the value of the services provided.

New online declaration during the first quarter of year 2012 with regard to monthly payroll, which commencing from February 2012 is declared online.

2. Between January 1, 2011 and December 31, 2011 were **any new taxes introduced**?

- Yes
 No

If yes, please explain.

If yes, please explain. There is a new tax introduced by Instruction no. 18 dated 23 August 2011, which replaces the annual tax on circulation of the means of transport. The new tax is the circulation tax on diesel and gasoil, equal to 5 ALL/lit until end of year 2011 and 7 ALL/lit afterwards.

The allowed level to credit VAT on purchase of fuel, for activities of trade and other business activities with exception of transport and construction, is equal to 3% and 2 % respectively, as per instruction no. 15 dated 07 July 2011 On VAT.

3. Between January 1, 2011 and December 31, 2011 were any **taxes eliminated or merged** with other taxes?

- Yes
 No

If yes, please explain.

If yes, please explain. the tax on the circulation of the means of transport, and reduction to zero of certain customs tariffs as mentioned above.

4. Between January 1, 2011 and December 31, 2011, did any of the following **tax rates** change?

- Corporate income tax
- Labor taxes and social contributions
- Sales tax/VAT/GST or other consumption tax
- Any other tax rates

- Yes
 No

5. Between January 1, 2011 and December 31, 2011, did the **tax payment or filing schedules** change for any of the following taxes?

- Corporate income tax
- Labor taxes and social contributions
- Sales tax/VAT/GST or other consumption tax
- Any other tax rates

- Yes
 No

6. Between January 1, 2011 and December 31, 2011, were there any legal or regulatory changes that **increased or reduced the time for preparing, filing and paying** any of the following taxes?

- Corporate income tax
- Labor taxes and social contributions
- Consumption taxes/VAT

- Yes
 No

7. Between January 1, 2011 and December 31, 2011, were there any changes to **the method (e.g. electronic capabilities) of preparing, filing and paying** any of the following taxes that increased or reduced the time required?

- Corporate income tax
- Labor taxes and social contributions
- Consumption taxes/VAT

- Yes
 No

8. Are any changes to tax rates, associated rules or tax administration expected to become effective between January 1, 2012 and December 31, 2012? Please note that these reforms will not impact the data in this year's report.

- a. Corporate income tax
- b. Labor taxes and social contributions
- c. Consumption tax/VAT.
- d. Any other tax rates

- Yes
- No

Please Explain

- a. Corporate income tax A new comprehensive law on income tax is expected to be drafted during year 2012. It is also discussed that might be an increase on the level of CIT due to budgetary needs, but this is not something certain.
- b. Labor taxes and social contributions Although the percentages of social and health contributions do not change from one year to the other, the minimum and maximum salary thresholds increase every year, regardless of the real standard of living or GDP per capita of the Albanian citizens.
- c. Consumption tax/VAT. It has been discussed to further scaling VAT as per categories of goods, but this is a long term project, along with that of VAT annual reimbursement of the end consumer.
- d. Any other taxes -

C. Data Update

In the following pages, please consider taxes paid to all levels of government by TaxPayerCo during the **calendar year ended December 31, 2011**. Parts of the questionnaire are already populated with the numbers applicable in 2010. You only have to update those numbers for 2011. Please keep in mind that these represent a reconciled answer based on all the answers we received from various contributors.

Always use the most favorable method for the company for computing the taxes, i.e. minimize taxes within the legal constraints and by making reasonable assumptions where necessary. Please state any such assumptions clearly in the "Comments" corresponding to the relevant data input cell. The information provided should be based on a typical or normal business of a similar size in your country.

Summary of paying taxes in 2010

Payments (number)	44
Time (number of hours)	371
Total Tax Rate (% of profits)	38.5%

1. Is the information provided in the table below accurate and up to date as of December 31, 2011? *

- Yes
- No - Please update the table below:

Albania - Tirana

	Tax	Number of payments and filings required in one year (monthly = 12, quarterly = 4, annual = 1). Please include any final payments or filings that need to be made.		Can this tax be paid and filed online?		Can this tax be paid and filed jointly with another tax?		Statutory rate		Tax Base		If you made changes to last year's information, please indicate whether it is a correction or a reform
		Current	Update	Current	Update	Current	Update	Current	Update	Current	Update	
1.	Value added tax	12	-	-	-	-	-	20%	-	value added	-	-
2.	Corporate income tax	13	-	-	-	-	-	10%	-	taxable income	-	-
3.	Municipal taxes	1	-	-	-	-	-	fixed fee (ALL 230,000)	-	type of business	-	-
4.	Property tax	1	-	-	-	-	-	ALL 140	-	area of building (land) in square meters	-	-
5.	Property transfer tax	1	-	-	-	-	-	2%	-	sale price	-	-
6.	Social security contributions	12	-	-	-	-	-	16.7%	-	gross wages, minimum salaries are imposed	-	-

7.	Health insurance contribution	0	-	-	-	Yes	-	1.7%	-	gross salaries	-	-
8.	Vehicle tax	1	0	-	-	-	-	fixed fee (ALL 6,000)	abolished	per truck	-	Reform
9.	Circulation tax	1	-	-	-	-	-	fixed fee (ALL 64,000)	-	per truck	-	Correction
10.	Tax on impact on environment	1	-	-	-	-	-	2%	-	value of investment	-	Correction
11.	Fuel tax	1	-	-	-	-	-	75%, with a maximum of ALL37	-	fuel price	-	Correction

Please explain the changes and provide the legal basis when applicable:

For the vehicle tax the law on local taxes 10457 dated 21 July 2011 abolishes vehicle annual registration tax. Tax on impact of the new construction on the existent infrastructure is equal to 0.1% of the value of the investment as per Law no. 10073 dated 09 February 2009, but not lower than the value of the damaged infrastructure. On the other hand the impact on the environment of wastes and other environmental damages is assessed based on Law no. 10431 dated 09 June 2009, according to which the offender should incur all costs to rehabilitate the environment and in case of non compliance various penalties are imposed. The circulation tax is now called the circulation tax for the diesel and gasoil and is equal to 5 ALL/lit until end of year 2011 and 7 ALL/lit afterwards. The tax specified as fuel tax above is the excise tax on the price of diesel or gasoil at customs and varies from ALL 37 to ALL 50. A new carbon tax was introduced as per Law no 10458 dated 21 July 2011, added to the customs value of fuel, equal to 1.5 ALL/lit for the diesel, 3 ALL/lit for the gasoil and further costs for other oil products.

2 Please update the data below on time, taking into account the scenario of the company you are hypothetically setting up (see Section A and for more details Section E). This should include all time spent calculating the tax liability for inclusion in the tax returns, except where accounting records are acceptable for tax purposes. However, if special or additional accounting records or books are maintained for tax purposes, that should be included.

2.1 Time for Profit taxes

Please update for fiscal/financial year 2011. Information on compliance time will directly impact the time indicator. We would highly appreciate your taking the time to break down the compliance time among the various tax compliance activities per the different lines below to assist our analysis.

2.1.1 Is the information provided in the table below accurate and up to date for 2011? *

- Yes
 No - Please update the table below:
 NA - This tax does not exist

PREPARATION – Profit taxes

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. <u>If you made any changes, please provide detailed explanation.</u>
1. Data gathering from internal sources (for example accounting records) if held	5	-	-
2. Additional analysis of accounting information to highlight tax sensitive items	96	-	-
3. Actual calculation of tax liability including data inputting into software/spreadsheets or hard copy records	2	-	-
4. Time spent maintaining/updating accounting systems for changes in tax rates and rules	0	-	-
5. Preparation and maintenance of mandatory tax records if required (see Section E for definition of mandatory tax records).	0	-	-
6. Other activities undertaken to comply with Profit taxes in your country	0	-	-
7. Total Preparation time - for Profit taxes	103	-	-

FILING - Profit taxes

	Hours per year	Hours per year	Please describe key steps and tasks that you
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	recorded 2010	2011 (if changed)	included in your estimate. If you made any changes, please provide detailed explanation.
8. Completion of tax return forms	7	-	-
9. Time spent submitting forms to tax authority, which may include time for electronic filing, waiting time at tax authority office etc	9	-	-
10. Other activities undertaken to comply with Profit taxes in your country (specify below:)	0	-	-
11. Total Filing time for Profit taxes	16	-	-

PAYMENT - Profit taxes

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. If you made any changes, please provide detailed explanation.
12. Calculations of tax payments required including if necessary extraction of data from accounting records.	0	-	-
13. Analysis of forecast data and associated calculations if advance payments are required (for example quarterly installment payments based on estimates of expected tax liability)	0	-	-
14. Time to make the necessary tax payments, either online or at the tax authority office (include time for waiting in line and travel if necessary)	6	-	-
15. Other (specify)	0	-	-
16. Total Payment time for Profit taxes	6	-	-
17. Total Time for Profit taxes	125	-	-

2 Please update the data below on time, taking into account the scenario of the company you are hypothetically setting up (see Section A and for more details Section E). This should include all time spent calculating the tax liability for inclusion in the tax returns, except where accounting records are acceptable for tax purposes. However, if special or additional accounting records or books are maintained for tax purposes, that should be included.

2.2 Time for Labor taxes and contributions

Please update for fiscal/financial year 2011. Information on compliance time will directly impact the time indicator. We would highly appreciate your taking the time to break down the compliance time among the various tax compliance activities per the different lines below to assist our analysis.

The company has 60 employees.

2.2.1 Is the information provided in the table below accurate and up to date for 2011? *

- Yes
- No - Please update the table below:
- NA - This tax does not exist

PREPARATION - Labor taxes and contributions

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. If you made any changes, please provide detailed explanation.
1. Data gathering from internal sources (for example accounting records) if held	12	-	-
2. Additional analysis of accounting information to highlight tax sensitive items	12	-	-
3. Actual calculation of tax liability including data inputting into software/spreadsheets or hard copy records	24	-	-
4. Time spent maintaining/updating accounting systems for changes in tax rates and rules	0	-	-
5. Preparation and maintenance of mandatory tax records if required (see Section E for definition of mandatory tax records).	12	-	-
6. Other activities undertaken to comply with labor taxes and contributions in your country	0	-	-
7. Total Preparation time - Labor taxes and contributions	60	-	-

FILING - Labor taxes and contributions

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. <u>If you made any changes, please provide detailed explanation.</u>
8. Completion of tax return forms	12	-	-
9. Time spent submitting forms to tax authority, which may include time for electronic filing, waiting time at tax authority office etc	18	-	-
10. Other activities undertaken to comply with VAT/GST/Sales Tax in your country (specify below:)	0	-	-
11. Total Filing time - Labor taxes and contributions	30	-	-

PAYMENT - Labor taxes and contributions

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. <u>If you made any changes, please provide detailed explanation.</u>
12. Calculations of tax payments required including if necessary extraction of data from accounting records.	0	-	-
13. Analysis of forecast data and associated calculations if advance payments are required (for example quarterly installment payments based on estimates of expected tax liability)	0	-	-
14. Time to make the necessary tax payments, either online or at the tax authority office (include time for waiting in line and travel if necessary)	6	-	-
15. Other (specify)	0	-	-
16. Total Payment time - Labor taxes and contributions	6	-	-
17. Total Time for Labor taxes and contributions	96	-	-

2 Please update the data below on time, taking into account the scenario of the company you are hypothetically setting up (see Section A and for more details Section E). This should include all time spent calculating the tax liability for inclusion in the tax returns, except where accounting records are acceptable for tax purposes. However, if special or additional accounting records or books are maintained for tax purposes, that should be included.

2.3 Time for Value Added Tax (VAT), Sales Tax OR Goods and Service Tax (GST)

Please update for fiscal/financial year 2011. Information on compliance time will directly impact the time indicator. We would highly appreciate your taking the time to break down the compliance time among the various tax compliance activities per the different lines below to assist our analysis.

2.3.1 Is the information provided in the table below accurate and up to date for 2011? *

- Yes
 No - Please update the table below:
 NA - This tax does not exist

PREPARATION - VAT, Sales Tax and/or GST

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. <u>If you made any changes, please provide detailed explanation.</u>
1. Data gathering from internal sources (for example accounting records) if held	96	-	-
2. Additional analysis of accounting information to highlight tax sensitive items	36	-	-
3. Actual calculation of tax liability including data inputting into software/spreadsheets or hard copy records	0	-	-
4. Time spent maintaining/updating accounting systems for changes in tax rates and rules	0	-	-
5. Preparation and maintenance of mandatory tax records if required (see Section E for definition of mandatory tax records).	0	-	-

6. Other activities undertaken to comply with VAT/GST/Sales Tax in your country	0	-	-
7. Total Preparation time - VAT/GST/Sales tax	132	-	-

FILING - VAT, Sales Tax and/or GST

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. <u>If you made any changes, please provide detailed explanation.</u>
8. Completion of tax return forms	6	-	-
9. Time spent submitting forms to tax authority, which may include time for electronic filing, waiting time at tax authority office etc	0	-	-
10. Other activities undertaken to comply with VAT/GST/Sales Tax in your country (specify below:)	6	-	-
11. Total Filing time - VAT/GST/Sales tax	12	-	-

PAYMENT - VAT, Sales Tax and/or GST

	Hours per year recorded 2010	Hours per year 2011 (if changed)	Please describe key steps and tasks that you included in your estimate. <u>If you made any changes, please provide detailed explanation.</u>
12. Calculations of tax payments required including if necessary extraction of data from accounting records.	0	-	-
13. Analysis of forecast data and associated calculations if advance payments are required (for example quarterly installment payments based on estimates of expected tax liability)	0	-	-
14. Time to make the necessary tax payments, either online or at the tax authority office (include time for waiting in line and travel if necessary)	6	-	-
15. Other (specify)	0	-	-
16. Total Payment time- VAT/GST/Sales tax	6	-	-
17. Total Time for VAT, GST OR Sales Tax	150	-	-

D. QUESTIONS ON TAX ADMINISTRATION

1. The Tax System

1.1 Is there a special tax regime for small and medium size enterprises?

- Yes
 No

1.1.1 If yes, please explain and list what is considered a small and/or medium sized enterprise in your country (turnover, firm size, etc) - below.

1.1.2 Would Taxpayerco. be considered a small, medium, or large company in your country? Please note the case study company has 60 employees and a turnover of ALL 285953722.

- Small
 Medium
 Large

1.2. Does a company have to:

- a) Calculate its own tax bill and file returns appropriately (self-assessment)? Yes
b) Supply information to the tax authority for the authority to calculate the tax payment? -
c) Other. Please comment: -

1.3 Please rank, from **1 to 4**, the most common process of filing tax returns in your country by firm size (if applicable), where 1 is the most common method.

	Small firms	Medium firms	Large firms
Electronic filing	1	1	1
By post	4	4	4
In person at the tax office	3	3	3

Other, please specify -

1.4 Please rank, from **1 to 5**, the most common process of tax payment in your country for by firm size, where 1 is the most common method.

	Small firms	Medium firms	Large firms
Check / cheque	5	5	5
Online - Bank transfer	1	1	1
Online – Credit card	5	5	5
Cash	1	2	4

Other, please specify -

1.5 Is electronic filing and payment mandatory in your country?

- a) for all
- b) varies by firm size (for example only large taxpayers) – please specify
- c) varies by industry (for example only financial institutions) – please specify
- d) varies by tax (for example only corporate income tax) – please specify
- e) varies by other factor – please specify
- f) not mandatory

1.5.1. If yes, please specify which taxes require mandatory electronic filing and payment for a company such as TaxPayerCo:

- Corporate income tax
- Labor taxes and social security contributions
- Value added tax/Sales tax
- Other, please list:

1.6 Is it common for a company such as TaxPayerCo to hire an accountant or accounting firm to do its taxes?

- Yes
- No

1.7 Are financial statements in your country prepared in accordance with International Financial Reporting Standards (IFRS)?

-

1.8 Are unlisted companies in your country obliged to file statutory accounts with a public registry?

- Yes
- No

1.8.1 If yes, do the accounts need to be audited?

Yes

1.8.2 If yes, how can the accounts be accessed?

- Online, please list website:
- In hard copy
- Only by visiting the company

For questions 1.9 to 1.14, please answer the following questions for each type of tax

	Profit tax	Labor taxes and SSC	Consumption taxes
1.9 Do the majority of firms like Taxpayerco. use software for:			
1.9.1 Preparation	Yes	Yes	Yes
1.9.2 Filing	Yes	Yes	Yes
1.9.3 Payment	Yes	Yes	Yes
1.10 Is computer software used to generate accounting and financial data?	Yes	Yes	Yes
1.11 Is computer software used to calculate tax liability?	Yes	Yes	Yes
1.12 If both types of software are used (for accounting and to calculate tax liability), are they linked so that there is an ability to transfer/input data to the tax software automatically?	No	No	No
1.13 Is the use of computer software helpful in reducing the amount of time spent on tax compliance?	Yes	Yes	Yes
1.14 Is there any part of the tax preparation, filing and payment process for which technology and software solutions are not currently available, and where it would be useful for them to be available? If so please explain.	No	No	No

Please comment on your answer. -

1.15 Please indicate the levels of government and tax authority in your country that can levy taxes: Check all that apply.

- Federal / national level
- State / provincial / territorial level. If yes, how many states/provinces or territories can do so 1
- Local / municipal level. If yes how many local or municipal levels can do so 1

1.16 Please indicate:

	Whether the following specific taxes are administered by a separate tax authority than Corporate income tax?	If yes, please indicate at what level of government
Indirect taxes (VAT, GST or Sales Tax)?	No	federal/national
Social security contributions?	No	federal/national
Payroll and wage taxes?	No	federal/national
Property taxes?	Yes	municipal
Vehicle taxes and registration fees?	Yes	municipal
Any other taxes?	-	federal/national

1.17 Are social contributions (pension, health insurance, etc) totally or partially kept in separate individual accounts for each beneficiary (as opposed to being pooled in one common account)?

- Yes
- No

1.18 Please add any additional comments to 1.1-1.17:

- Auditing requirements and disclosure obligations:
 - a) All commercial companies, in spite of their legal status, which apply IFRS,
 - b) All joint stock companies which apply NAS
 - c) All limited responsibility companies, which apply the NAS, when in the closure of the relevant accounting period, they meet two out of the three following conditions:
 - (i) The total assets are equal or higher than ALL 40 million,
 - (ii) The total income is equal or higher than ALL 30 million,
 - (iii) The average number of employees during the financial year is equal to 30 or more.

The auditing report is submitted to the tax office within March 31 of the subsequent year along with the financial reporting package, and to the National Registration Center along with the financial reporting package as well, within date 31 July of the subsequent year.
Therefore in our example the Taxpayer Co is subject of auditing based on NAS (For IFRS auditing the taxpayer should have a turnover higher than 1,250,000,000 ALL and a number of employees higher than 100.

2. Clarity and accessibility of information

2.1 Does your government publish tax revenues on a website, or in some other medium (such as an official publication, bulletin, newsletter, etc)?

- Yes
- No

2.1.1 If yes, please provide the source of such statement, including the website link if the statement is available on the internet or if in print the name of the publication and where it can be obtained www.tatime.gov.al

2.1.2 If the information is published, is it broken down by major type of tax, such as income tax, social security contributions, consumption taxes, etc.? yes

2.1.3 If the information is published, is it up to date with forecast figures for the current year, plus the actual updated figures for previous years? mostly yes.

2.2 Does your government provide information on government expenditures? Please describe.

Not any kind of transparency on the government expenditures fed by taxes. I would like to be part of such a project if feasible in the future.

2.3 How are taxpayers informed by the tax authorities about the taxes they need to pay:

- a) By an official from the tax administration
- b) Through laws/ legal publications
- c) Through website – please specify link: www.qpz.gov.al, www.tatime.gov.al
- d) Other, - please specify:
- e) Not informed directly by the tax authorities. Please specify if they can consult a business association or any other such organization:

2.4 How do taxpayers obtain information about complaint procedures and redress mechanisms:

- a) By an official from the tax administration
- b) Through website – please specify link:
- c) Through laws/legal publications
- d) Other, - please specify: tax consultants and accountants
- e) Not available

If yes, please explain: -

2.5 Is there a national statistical body outside of the Ministry of Finance/Treasury that can verify the quality of fiscal data?

- Yes
 No

2.6 Where can you find the tax rulings or rules on the following taxes in your country? Check all that apply

	Profit tax	Labor taxes and SSC	Consumption taxes
In print from the tax administration	-	-	-
In print from another official source	-	-	-
Online	-	-	-
From an official publication of the law	-	-	-
From private firm/ professional	Yes	Yes	Yes
Not available	No	-	-

Other, - please specify: If a tax ruling means tax regulations one can find them online, from private firms or official publication of the law. If a tax ruling means ruling on different tax cases from administrative authorities or court, this information is not available by any means with the exception of decisions of the the Court of Cassation and the Constitutional Court published in the Official Gazette.

	Rating
2.7 In your opinion, how simple or complicated are the tax rules in your country? Scale of 1 to 4 (1 is simple and easy to understand, and 4 is very complicated even for a tax expert to understand!)	2
2.8 In your opinion, how clear or ambiguous are the tax rules in your country? Scale of 1 to 4 (1 is very clear, 4 is very ambiguous and subject to different interpretations).	4
2.9 Do you consider that the tax rules in your economy are stable, that the frequency of change is reasonable or that there are many changes which lead to significant effort to update and which can lead to uncertainty in the system? Scale of 1 to 4 (1 is very stable, 4 is very unstable).	3
2.10 In your opinion how helpful are any guidance notes which the tax authority publishes to assist taxpayers in your country? Scale of 1 to 4 (1 is very helpful, 4 is not at all helpful/none are published).	4

2.11 Please add any additional comments to 2.1-2.10:
 The tax law is not complicated and clear but its interpretation from the tax authorities is abusive, the law is interpreted outside its scope and purpose, and the tax practice differs significantly from the tax regulations.
 The tax rules change very frequently, therefore the basic tax laws (VAT, Income Tax) should be redrafted and republished.
 There is no flexibility whatsoever to assist taxpayers in any way, their only attention is to go and penalize the taxpayers, now they have started to do that also from the office, without even taking the correct information from the taxpayer before making official a tax evaluation.
 The whole judicial system, commencing from the administrative litigation to the court tax cases, does not provide with a legal interpretation of the law in most of the cases, but supports the abusive imposition of tax obligations and penalties from the tax authorities.
 And that is obviously in my opinion a failure of the low flat tax rate, which is impossible to collect the right amount of taxes needed for the budgeted government expenditures, as far as the tax base is not increased and especially in the time of financial crisis it is shrinking further. Another argument to that is the total hostility created between the taxpayers and the tax authorities, due to the total lack of assistance to the business and flexibility of the latter, leading only to corruption and abusive behaviors.

3. Tax audits and refunds

3.1 In a typical situation how long is it likely to take in practice for a company to receive a VAT/GST or withholding tax refund in your country (time from lodging the refund claim to actually receiving the cash)?
 6 months if everything is approved accordingly from a tax audit, and the subsequent refund is approved by the tax authorities.

3.2 Do your tax authorities require invoices to be submitted to support the figures reported in the VAT/GST/sales tax returns?

- Yes
 No

Comments -

3.3 Are companies required to keep mandatory tax books and records?

- Yes
 No

If yes, please let us know for which taxes and describe the mandatory tax books.
 No tax books, but what is declared online the tax authorities would request to see printed on paper, with regard to all tax declarations (VAT, CIT and payroll taxes). The payroll also is mandatory to be kept as a hard copy.

Comments:

3.4 How long is the statute of limitation or period of prescription for tax audit in your country? The period of prescription is 5 years.

3.5 Please note the list of five of the most common ways by which companies are selected for tax audits by tax authorities (please consider a field-based, general tax audit relating to domestic taxes). In your country, please select the three most widely-used methods.

For the most common method, please indicate "1". For the second most common, please indicate "2" and for the third most common, please indicate "3".

	1 - 6
Risk assessment	1
By size	1
By type of business	5
When a tax refund is requested	2
Random basis	1

Other, - please specify below: -

Comments:

3.6 In a typical situation, how long is a tax audit likely to take in your country (from first information request to substantive resolution)? one month maximum but request for extension can be approved by the tax authorities.

3.7 Is there an independent body (such as a tribunal or court) to which a taxpayer can appeal against a decision of the tax authority? First there is an administrative appeal near the General Tax Directorate, then there is the court appeal.

3.8 In your opinion how easy is it for a company to deal with a tax audit in your country? Scale of 1 to 4 (1 is very easy, 4 is very difficult) 3

3.9 Do the tax authorities give advance notice of an intention to make enquiries or to start an audit?

- Yes
 No

3.9.1 If yes, how much notice is given? two days

3.10 Where an assessment has been issued, does the revenue authority send the company details of how it was calculated?

- Yes
 No

3.11 In your opinion how efficient is the independent appeal process in your country? Scale of 1 to 4 (1 is very efficient, 4 is very inefficient)

4

3.12 Please add any additional comments to 3.1-3.11 -

4. Approach of the tax authorities

4.1 In your opinion, how responsive is the tax authority in your country to taxpayer requests or queries? Scale of 1 to 4 (1 is "very responsive", 4 is "very unresponsive") 3

4.2 In your opinion, does the tax authority in your country have a culture of service to tax payers? For example, are honest taxpayers viewed as a customer to whom there is a willingness to offer a certain level of service and perhaps help them with their returns?

- Yes
 No

4.3 In your opinion, how high is the level of professionalism in the tax authority in your country? Scale of 1 to 4 (1 is "very high", 4 is "very low") 3

4.4 Please add any additional comments to 4.1 to 4.4 3
 The most important fact is not whether the tax authority is professional or not but that the tax auditors when they come for audit have clear instructions that they should gather a certain amount of tax obligations within a certain period of time by any means possible, for purpose of government budget.

5. Please rate on a scale of 1 to 4 (1 for best and 4 for needing most improvement) all of the following aspects of the tax rules in your country. Please also comment on the reasons for ratings 1 and 4.

	1 - 4
Aspects of the tax rules (e.g. rates or incentives)	2
Clarity, accessibility and stability of the tax rules	1
Levels of government and tax authority	1
Approach of the tax authorities	3
Dealing with tax audits and disputes	4

Other, - please specify below: -

Referrals

The Doing Business project covers 10 topics of business regulation from start-up to closing a business.

We are always looking to expand our network of local partners; therefore we would greatly appreciate if you could recommend a specialist in any of the listed topics.

First Name -

Last Name -

Firm -

Position -

Phone -

Email -

Expertise Accountant

Topic of Interest Paying Taxes