

# Albanian Bulletin

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JANUARY 2013

## **Tax & Legal update** **Tax & Legal amendments January 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. 17 dated 13 May 2008 “On VAT” 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. Value Added Tax

- **Instruction no. 17 dated 13 May 2008 “On VAT” as amended**

- (i) Hydrocarbon operations

The main contractor or its subcontractor (s) submits near the Regional Tax Director near which it has been registered, the following documentation:

- a) Original or notarized copy of the certificate/authorization issued by the National Agency of the Natural Resources (AKBN), which ascertains that the service to be supplied is related to the realization of research and development phases of the hydrocarbon operations.
- b) Copy of the hydrocarbon agreement entered into between the main contractor and the Albanian government.
- c) Copy of the contract entered into between the contractor of the hydrocarbon operations and its subcontractor, in case the relevant service would be supplied by the subcontractor.
- d) The paragraph which dealt with the VAT exemption on the import of the fuel sub-products, for its own needs, from the subjects involved in the fuel research and on development of the fuel fields.

- (ii) Special cases for the right of credit (deductibility) of VAT on purchase:

Item I “Construction”, production of bricks and tiling - 33%

Item II “Transportation”, transportation of goods and technological means - 78%

- (iii) The procedures followed by the non for profit organizations in order to obtain the VAT reimbursement by the tax authorities based on the “The Framework Agreement between the Council of Ministers of the Republic of Albania and the Commission of the European Communities on the cooperation rules for the assistance of Albania, in view of the implementation of the pre – accession instrument (IPA)

The Non for Profit Organizations which projects are financed by IPA funds are reimbursed by the General Tax Directorate for the VAT paid on the purchase of the goods and services used for these projects. For this purpose the NGO-s should submit near the Regional Tax Directorate the following documentation and follow the procedure below:

- a) The official request, accompanied by the requested documentation, in order to be registered for VAT reimbursement purposes, in the view of IPA projects.
- b) Follow their registration on a special register for these types of NGO-s.
- c) Request for reimbursement accompanied by the requested documentation.

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