

## RECENT CHANGES brought by Fiscal Package in the tax legislation

The Albanian Parliament approved several amendments to existing tax laws ('the 2015 Fiscal Package') which are already published in the Official Gazette and have entered into force on January 1<sup>st</sup>, 2015. Furthermore, the Ministry of Finance issued several amendments to the existing related tax Instructions. Below you will find highlights of these amendments.

### Tax Procedures Law

The new Law no. 164/2014 amending the Tax Procedures Law introduces the following amendments:

- Introduction of a statute of limitation related to the taxpayer's right to request the reimbursement of a tax credit;
- The bank guarantee issued for tax appeal purposes should have a minimum validity period of 6 (six) months, but in any case not less than the time period required for the decision to become final;
- Tax Appeal Directorate should issue the decision within 60 days from the submission date of a tax appeal;
- Change of the penalty for late payment of tax obligations to the rate of 0.06 percent of the unpaid tax liability for each day of delay applicable, but not for a period exceeding 365 days;
- Change of the penalty for incorrect tax declaration to the rate of 0.06 percent of the undeclared tax liability for each day of delay until payment is performed, but not for a period exceeding 365 days;
- The introduction of new penalties applicable to taxpayers liable for applying the reverse charge mechanism for VAT purposes.

### Tax Procedures Instruction

The new Instruction no. 26, dated 16.12.2014 amending the Tax Procedures Instruction introduces the following amendments:

- The e-communication will be the main form of communication between the tax authorities and taxpayers. The new Instruction provides the details of the applicable procedures;
- The details of the documents that should be submitted and procedures to be followed in case of taxpayers' registration or deregistration.

### Income Tax Law

The new Law no. 156/2014 amending the Income Tax Law introduces the following amendments:

- Contributions made by both the employee and the employer to a private pension fund, up to the limit determined by law, as well as the related returns, including capital gains deriving from investments made with the pension fund assets, are considered as exempted income. Furthermore, the contributions made by the employer are considered as deductible expenses for the employer;
- The personal income tax rate (on non-salary related income) and withholding tax rate are increased from 10% to 15%;
- Contributions made to a private pension fund and property tax paid during the year are no longer considered as deductible expenses for personal income tax purposes;
- Prior to April 2015, for purposes of expenses deductibility, the Council of Ministers shall adopt new decisions for determining levels of loss and waste during the production, warehousing and transport in all sectors where no such legal acts exist;
- The introduction of new requirements for the deductibility of the expense of remaining book value of fixed assets.



**ROOSTER**  
BY ENGJELL BERISHA



## Income Tax Instruction

The new Instruction no. 31, dated 29.12.2014, amending the Income Tax Instruction has primarily implemented the changes made by Law no. 156/2014. However, important provisions have been introduced regarding the corporate income tax prepayments and specifically the right of the tax authorities to reassess them and penalize the taxpayer in case of an unsupported request to reduce them.

## VAT Law

Starting from January 1, 2015, all the provisions of the new VAT Law are effective.

## VAT Instruction

The new VAT Instruction of the Minister of Finance no.6 dated 30.01.2015 is effective as of January 1, 2015.

## National Taxes Law

The new Law no. 157/2014 amending the National Taxes Law introduces the following amendments:

- The circulation tax on gasoline and gas oil is increased to ALL 27 per liter;
- A new tax is imposed on insurance premiums, at the rate of 3% of the premium amount, with the exception of life insurance premiums, travel insurance and green card insurance products.

## Customs Tariffs Law

The new Law no. 159/2014 amending the Customs Tariffs Law has reduced or abolished the customs tariffs for several goods.

### **FOR FURTHER INFORMATION PLEASE CONTACT OUR TAX & FINANCE DEPARTMENT:**

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