The Albanian Minister of Justice announced that the main objective for this year is the digitalization of the Immovable Property Register and the granting of online access to the Immovable Property Register to Notary Offices. It was announced that the Property Strategy which was compiled with the assistance of the World Bank and EU will be concluded this April. New amendments to the law no. 7829, dated 1.6.1994, “On notary”, as amended, (Notary law) and law no. 7843, date 13.7.1994, “On registration of immovable property”, as amended, will be introduced in order to reduce the time and procedures for transactions for immovable property.

The new law on Registration of Immovable Property entered into force on the 28 of April 2012. This law seeks to regulate the activities of the public registry of immovable property and, inter alia, the method of recording and organizing the activities of the Immovable Property Registration Office (IPRO).

The most important change is that the Immovable Property Register will now also be kept in an electronic form which will be form the central state database and be administered by the IPRO. The Register will record the registration of property titles and other real rights on immovable property on the basis of legal documents proving ownership of immovable property. It will serve as a basis for the preparation, maintenance and management of immovable property records, maps and registration documentation confirming the right of ownership and other real rights over immovable property.

Currently all contracts and agreements for the disposal of property rights or other real rights over immovable property must be presented for registration no later than 30 days from the time of its conclusion. The new law extends the obligation to include that courts, notaries, bailiffs and other state bodies are also obliged to send to the respective IPRO copies of court judgments (final and binding) or acts that include the acquisition, recognition, modification, termination of a property right to estate, or a real right over it, or declare invalid legal action over property previously registered, within 30 days of issue.

The owner or person, who proves a legitimate interest in accordance with the provisions of the law, is entitled to obtain information and copies of documents that are in the registers of immovable properties, files, cadastral maps, documentation filed with application for registration and documentation held and administered by local IPROs. Parties, who can be legal or physical, domestic or foreign persons, will be given access and shall have the right to take data directly only through the electronic registry. The online register will be designed to ensure that data registered therein is safeguarded. Parties entitled to have access to the electronic system may take extracts or proprietary electronic documents directly after receiving the consent of entities registered as owners of immovable property. Other subjects, who have no right of access to the online register, will have the right to ask the IPRO for relevant information by electronic or ordinary mail, upon the satisfaction of the requirements of the law.

Changes to the Law on Notary: The effect of the new changes to the Law on Notaries is expected to reduce the time of transactions for immovable property from 23 working days to 10 days. Currently, before a notary public can certify a property transfer agreement it must see evidence of the ownership of the property by the Seller and to check if there are any registered interests obstructing the possibility of transfer, i.e. the updated Cartela or certificate of title issued by the respective immovable property registry no earlier than 3 days prior to the intended transfer. These
PRODUCT RECALL OBLIGATION REINFORCED

Under the new law no. 10489, dated 15.12.2011 “On trade and supervision of the market of non-consumable goods” (the “Act”) a much stronger emphasis on the obligation of product recall by manufacturers, importers and distributors of non-food products was imposed. Although this obligation had been covered to a certain degree in the previous law (i.e. Law no. 9779, dated 16.7.2007 “For general security, essential requirements and evaluation of conformity of non-consumable goods”) there lacked specified procedures and importantly timing obligations for the recall.

This new Act expressly imposes on the economic operators (i.e. manufacturer/producer, its authorized representative, importer or distributor) “...the obligation to recall, or when it is the case, to ban or take corrective actions when they believe or have reasons to believe that the products made available on the market are not in conformity with the applicable legislation”.

The Act reinforces the obligation also of the market surveillance authority (i.e. competent organ under METE), to order to recall a certain product if after control tests it is proven that the product is dangerous and/or it is not in conformity with the security requirements or irrespective of the compliance, it might jeopardize life, safety, health, environment and/or other matters of public interest. It is in any case the duty of the economic operators to duly notify consumers or end users and to organise the actual physical removal of the products from the market. It is now expressed more clearly that to conclude a recall the economic operator should also reimburse or exchange the product for another subject to the agreement of the consumer.

If economic operators fail to comply with the product recall obligations under this Act, fines varying from 100,000 Lek for distributors to 200,000 Lek for manufacturers or importers shall be imposed. These fines are less than they were under the old law.

The implementation of this Act is likely to result in increased enforcement of the consumer product safety requirements, including the ability to demand that companies take corrective action and/or recall products on an expedited schedule. This may in due time also contribute to more effective claims under the tort of product liability.

By Loriana Robo, Associate Corporate/Commercial Contracts
LEGAL TAX UPDATES

Extension of deadline for the submission of 2011 personal income tax declaration

The recent amendment of the Income Tax Law, among other changes, provides for the extension of the deadline for the submission of the 2011 personal income tax declaration, such deadline now being 30 September 2012.

Amendment of the VAT deferral scheme

The Council of Ministers has amended its Decision “On VAT deferral for imported machineries and equipment” by changing the procedures required to be followed for the application for the deferral of VAT for a period of more than 12 months.

Recent amendments on royalty payment procedures

The Council of Ministers has amended its Decision on royalty payment procedures, such amendment having better clarified the procedures, the taxable base and the required documents that shall be used for the calculation of royalties.

Changes to Social and Health Insurance Contributions

Some changes and additions were brought into effect as of 15.03.2012 to this system, aiming to regulate and coordinate the e-declaration of the payrolls and other data of the employees by the taxpayer. Under these new changes, the taxpayer is obliged to take and register notes as required under the Labour Code during the employment period and to disclose this information to the authorized persons of the tax authorities as and when required. Also now within one calendar year the taxpayer should provide each employee with a form including all the data specified for each month with regard to the salary, contributions and tax paid for the said employee during the employment period.

Furthermore, to reinforce the Law on Tax Procedures the new changes emphasize the obligation of each person performing a commercial activity to be registered with the National Registration Centre and obliges them to declare to the tax authorities the list of employees hired and their relevant salary, after 2 working days from the registration with the NCR. Also within the 2 working days, an entrepreneur (registered with the NRC) must also declare the list of his/her unpaid members (over the age of 16) of his/her family whom he/she lives with and that carries out work for the business. Each taxpayer must now declare each new employee 1 day before commencement of work and declare any terminated employee within 10 days from the last day of work.

The law also provides for the registration with the tax authorities of the persons who are not obliged to be registered with the National Registration Center (“NCR”) including for e.g. NGOs.

For all queries on Tax issues please contact tax@kalo-attorneys.com.

PROJECT UPDATES

issue of the national lottery licence. It is expected that the Ministry of Finance will initiate the tender procedures soon.

OSUMI River, VJOSA and Shkopeti 2+3 HPPs

A tender procedure for the Osumi River HPP concession offer has opened and bid submission was to be on the 4th May. Tender procedures for Vjosia River HPP not yet opened. A Council of Ministers Decision confirmed the opening of concession tender procedures for the grant of a BOT concession for Shkopeti 2 and 3 HPPs (capacity around 24MW), also confirming the award of 2% bonus points for the company that initiated the process with an unsolicited proposal.

HPPs PRIVATISATION

SHKOPET and for HEC BISTRICA 1, 2 and 3 HPPs (capacity around 24MW), also confirming the award of 2% bonus points for the company that initiated the process with an unsolicited proposal.
INVESTING IN KOSOVO - ECIKS

The high-level conference organized by the Economic Initiative for Kosovo (ECIKS) and partner institutions in Berlin on 7th March 2012 has contributed towards changing the German perceptions about doing business and investing in Kosovo. Over 100 potential investors, representatives of German economic institutions, members of Bundestag, representatives of the German Foreign Ministry, German diplomats and decision-makers have listened to facts and evidence about political and economic realities in Kosovo, provided by Kosovo representatives, public Austrian and German personalities as well as foreign investors who have already invested in Kosovo.

USE OF NOTARIES

The law on notary in Kosovo was approved on 17th of October 2008. The goal was to relieve the courts which are overburdened with non-contentious matters that could be dealt with by notaries. With the introduction of the notary service, it is hoped that the notaries will be able to efficiently certify and authenticate and swiftly and effectively deal with notarial deeds (i.e. certified by a notary public) failing which it risks being null and void. Such include (i) transfer/acquisition of ownership or other real rights over real estate; (ii) mortgages on immovable property; (iii) marriage contracts and settlements on property between spouses or those living together but not married; (iv) founding of corporate bodies and businesses and amendments to statues of such corporate bodies.

Disclaimer: The contents of this newsletter is for information-purposes only and are not intended in any way as legal or other professional advice. It is advised that professional advice should be sought prior to any action being undertaken based on any of the contents of this newsletter.

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**PROJECT UPDATES**

**Kosovo e Re Power Plant Project**

The Government of Kosovo is planning to open tender on 30th of September for construction of Thermal Power Plant “New Kosova” with capacity of 300MW + 300 MW. Based on prediction of Government “New Kosovo” Power Plant will be constructed in 2013. As part of tender package of “New Kosova” will be the existing Power Plant “Kosova B” and decommission of “Kosova A” in 2017. Moreover Government is planning to participate as shareholder in mining with 49% and 31% in generation.

**Privatization of PTK**

Kosovo has resumed the privatization of its biggest publicly-owned company, Kosovo Post and Telecom (PTK) by selecting European consultants to help it organize a tender. French bank Lazard Freres and Raiffeisen Investment of Austria were chosen as transaction consultants “for the process of selling 75% of PTK holdings,” the economic development ministry said in a press release.

**KEDS PROJECT**

Privatization of KEK’s Electricity Distribution and Supply Functions, for which four companies are shortlisted (Limak, Calik, Elsewedy and TAI), has been extended with the bid submission expected to have occurred on the 21st May 2012. Compliance of technical requirements shall be evaluated first and then the financial offer reviewed.

**BREZOVICA Ski Resort**

Brezovica is said to the potential largest ski resort in the Balkans and is currently state owned. One of the big four auditing companies ‘Deloitte’ has already been selected as the strategic advisor to the government of Kosovo. The Ministry of Trade and Industry is currently looking to evaluate the tenders for the selection of the legal transaction advisors for development of the “Project Brezovica”.

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