AMENDMENTS TO EXISTING TAX LEGISLATION

On the 20th December 2012 the Albanian Parliament enacted a number of laws all published in the Official Gazette on the 11th January 2013, as follows:

Amendment to Value Added Tax Law


Under this amendment the supply of iron and cement, as well as their import to companies constructing hydro power plants (“HPP”), using such products for the construction of the HPP, shall be exempted from the Value Added Tax.

The amendment provides that the import of machineries and equipment for the implementation of the investment contracts, with a value of 50 (fifty) million ALL or higher, is also VAT exempted. In addition, the import of the machineries and equipment for the implementation of investments contracts in sectors of inward processing and agribusiness regardless of their value shall also be exempted from VAT.

Amendment to Income Tax Law


The amendment provides that incomes deriving from indemnification granted from binding court decisions and incomes granted by the state institutions in consideration of achievements in science, sport and culture, are exempted from personal income tax. In addition pursuant to the amendment, individuals who have submitted their personal income tax declaration after September 30, 2012 but within December 31, 2012 will not be subject to penalties. The amendment also provides that scholarships granted to students from educational institutions shall be considered as deductible expenses up to an amount to be determined by Decision of Council of Ministers

Further, under this amendment, where 50 % (previously 25 %) of the company ownership structure is changed the company cannot carry forward its losses.
Amendment to Tax Procedures Law

Law amending Law no. 9920, dated 19.05.2008 “On tax procedures in the Republic of Albania”, as amended. This amendment provides that beginning from the entry into force (i.e. January 26, 2013) Tax Representatives shall be registered only with the Regional Tax Directorate.

Other changes include the increase of the penalties in the case of failure to duly declare employees. Pursuant to the amendment, such penalties shall amount to 500,000 (five hundred thousand) ALL for the VAT and Profit tax taxpayers and 250,000 (two hundred thousand) ALL for the other taxpayers.

It is noted also that this amendment has removed (whether inadvertently or not) the provision existing obligations of the Tax Authorities to respond within 30 (thirty) days to the notification sent from the National Registration Centre or the Court in the case of liquidation or deregistration of entrepreneurs or companies.

Amendment to Law on Excises and Law on Customs Tariff levels

Laws amending Law no. 61/2012, dated 24.05.2012 and Law no. 9981, dated 08.09.2008 “On the approval of the customs tariff levels”, as amended. These amendments shall enter into force on 26th January 2013. Pursuant to the amendments the customs tariff level for “decaffeinate coffee raw” and “caffeinate coffee raw” shall decrease from 10 (ten) % to 0 (zero) %, however the excise on coffee (decaffeinate or not) has been increased to 60 ALL./kg.

FOR FURTHER INFORMATION PLEASE CONTACT OUR TAX & BANKING DEPARTMENT:
Partner: Ardjana Shehi a.shehi@kalo-attorneys.com