

ALBANIA & KOSOVO LEGAL NEWSLETTER

25 YEARS OF BOYANBOV & CO. ONE OF SEE LEGAL FOUNDING MEMBERS



There was a big gathering in Sofia Hotel Balkan last week. Around 250 people attended the celebration of 25th anniversary of BOYANOV & CO., a leading law firm in the South East Europe.

Such celebrations are important for the founders but also for those who currently work in such firms, as they can be proud and part of the achievements accomplished. In the ceremony of BOYANOV & CO. representatives of members of SEE LEGAL from Albania, Bosnia and Herzegovina, Serbia, Romania, Macedonia, Montenegro, Slovenia and Turkey were present as a confirmation of what SEE LEGAL is indeed: One Region, One Firm, One Practice.

Member firms of SEE LEGAL, with a few exceptions, are young. They all celebrated or celebrate 20th anniversary and in such events they all confirm they strong commitment to be in the forefront of improvement and provision exceptional services to investors, especially foreign and multinational companies and organizations, including IFIs, thus contributing to increasing the trust and guarantees for investments in the South East Europe region.

Përparim KALO
Managing Partner

NRC IMPROVES RANKING IN THE “DOING BUSINESSES”



Loriana Robo
Associate

Doing Business Review on Albania and recent public initiatives for the improvement of the business climate in Albania prompted the recent amendments to the National Registration Centre Law no. 9723, date 3.5.2007 with the aim to simplify further the registration procedures by the National Registration Centre (NRC) and consolidate certain practices that seemed to fall short of clarity until now.

Below there is a summary of the main amendments to this law.

On-line registration through e-Albania

On-line application means access of any persons to any service provided by NRC through the unique governmental portal e-Albania (<https://www.e-albania.al/>). Based on this amendment, it is no longer necessary that a person appears physically in front of a NRC desk to make an application as from now this can be done from office or home by means of a computer and internet connection. One must before sign up with the portal by filling in the required information.

NRC services that one may conduct through the portal include: (i) initial registration of a physical person or legal entity; (ii) changes in the registered data; (iii) the filing of financial statements and audit reports; (iv) downloading electronically signed extracts of commercial registry, etc. In practice though, these online services are facing few technical problems due to the new implemented NRC electronic system updates, which are soon to be addressed.

No licensing authorities by NRC

New registration procedures

No more hard copy storage of documents: According to the amendment, NRC will no longer store hard copies

of the businesses' documents filed by the applicants as it did until recently. Instead, NRC will be limited to storing the scanned copies of the documents whilst the physical document, either copies or original, will be returned back to the applicant.

Who can make the initial registration: Based on the amendments to the NRC law, not only the administrators of a new company but also its founders or any person authorized by them can file an application for the registration of a new company. This reduces the burden of having to secure a power of attorney from the Administrator of a new company as the decision of the founders to authorize any person to handle the application will suffice for this purpose.

Number of quotas in a LLC: The amendments clarify, in alignment with the most recent amendments to Law no. 9901 dated 14.4.2008 “On entrepreneurs and companies”, that the number of quotas in a LLC must be equal to the number of its shareholders.

NRC post registration activities: The amendments suggest that it is no longer necessary to make a separate registration of a new company with the local tax authorities after registration with the NRC. Until recently, it was necessary that a company within 30 days post registration with the NRC, filed an application for a separate registration with the local tax office based on a separate set of documents.

Registration deadline

The amendments to the NRC Law changes article 22 (paragraph 4 and 5) of the Law on NRC related to the terms for registration by the NRC which have been amended as to comply with the terms of the Law on tax procedures. Whereas before the new amendments, companies had to register with the NRC within 15 days from establishment date, from now on companies shall register with NRC within 30 days, in any case before the actual start of their activity.



MANDATORY SOCIAL AND HEALTH INSURANCE FOR FOREIGNERS



Shirli Gorenca
Associate

Foreign individuals who work in Albania are required to pay mandatory contributions such as Social Security and

Health Insurance, under the same law that governs the local employees.

However, the aforementioned contributions are not mandatory for foreign citizens if they fall under one of the specific scenarios provided in the Albanian legislation.

The previous legislation on social security and health insurance did not make a distinction between the cases a foreigner working in Albania could be exempted from payment of Social Security contributions and the cases he/she could be exempted from payment of Health Insurance contributions; it provided the same scenarios with regard to the exemption from both the mandatory social security's scheme and the health insurance scheme.

The recent changes to the legislation on social security and health insurance, passed early February 2015, have expanded the exemption criteria/scenarios for the foreign subjects/individuals, in matter of employee Social Security contributions.

Changes have affected also the mandatory payment of health insurance contributions that serves to the employees to obtain health

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FIRM NEWS

SEE LEGAL MEETING IN ROME, SEE Legal participated in the "17th Breakfast: The Balkans", organized by Studio Legale Associato Nunziante Magrone on the 28th April in Rome. The Breakfast was opened by the Ambassador of the Republic of Bulgaria and former Prime Minister, H.E. Marin Raykov who presented an interesting lecture about the geo-political framework of the Balkans. The meeting aimed to provide a complete picture of the area through major institutional interventions, presenting the specific investment and business opportunities through the direct testimony of those who work or have already gained experience on site.

VIENNA FORUM ON EUROPEAN ENERGY LAW, held on 13 March at the premises of Energy Community in Vienna, focused on the newly created EU's Energy Union, its future role and its relevance to the Energy Community, decarbonisation and renewable policies and the optimal design of RES support schemes, feed-in-tariff litigation as well as national experience with markets for certificates and law enforcement in the Energy Community. The forum was attended by key players from across the energy industry from Member States of Energy Community. The Forum was attended by our Associate, Flavia Xhafo.

CSR HIGHLIGHT

KALO & ASSOCIATES, as part of the association Albanian Corporate Social Responsibility Network has contributed in a "Tree Planting Campaign" initiated by the Ministry of Environment in December 2014 and finalized in March 2015. The campaign aims the awareness of society and youth in particular, to a greener and healthier environment, through the initiative "one resident one tree" and includes the planting of seedlings throughout Albania in partnership with institutions, companies and other organizations public or private. Specifically, the association Albanian CSR Network has contributed in the purchase of 15 thousand seedlings which will be planted in the area of Dajti, in Shkallë. Members of the Albanian CSR Network have contributed not only in

buying seedlings, but also through human resources, i.e. their employees will plant trees themselves in an activity that would be considered as the "official start of the campaign".

K&A BECOMES MEMBER OF AmCham CSR COMMITTEE, following the interest of members of AmCham back in November 2014 on corporate social issues, the Board of AmCham decided to establish on January of this year the first Corporate Social Responsibility (CSR) Committee of AmCham. The Head of CSR Committee is Mr. Genci Likoskendaj. The CSR Committee is currently AmCham Committee with the biggest number of members and is currently engaging in many projects and cooperation for the promotion and development of CSR policies and practices among some of the biggest businesses in Albania.

FAREWELL TO AUSTRIAN AMBASSADOR IN PRISTINA, was held on May 8, 2015 for his Excellency the Ambassador Johann Brieger regarding his ongoing support and great help throughout these last few years who will leave Kosovo this year. KALO & ASSOCIATES was represented by the Managing Partner, Mr. Perparim Kalo and Ahmet Hasolli, executive partner of KALO & ASSOCIATES Prishtine at the event.

EU INTEGRATION COMMITTEE OF FIAA

The Board of Directors of FIAA established the EU Integration Committee to focus on issues arising from completion of Acquis and also its implementation in practice. The Committee will support the FIAA Board of Directors in its discussions with the government or other institutions, to comment new laws and their compliance to the applicable EU framework, to present the association's position on required adjustments to the EU Delegation and other international institutions etc. The Managing Partner of K&A is a member of this Committee.

<http://fiaa.albania.al/fiaa-establishes-new-european-integration-committee/>



LEGAL TAX ALERT

Minister of Finance issued an amendment to the Instruction no. 6, dated 30.01.2015 “On the Value Added Tax” (into force as from February 6th). Pursuant to such amendment, which is already published in the Official Journal, the deadline for filing the “Sale and Purchases Books” with the tax electronic system has been moved forward to the 10th of each month (from the previous deadline of the 14th).

KALO&ASSOCIATES Tax Team



Petals by Albana REXHA
Mixed technique

MANDATORY SOCIAL AND HEALTH INSURANCE FOR FOREIGNERS

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insurance services (i.e. health services of the primary health care, hospital health care services and pharmaceuticals reimbursement) provided by Albanian public institutions and health care providers during the time they work and reside in Albania. The previous legislation included to the mandatory health insurance scheme also the employees who temporarily performed work in Albania and who were not permanent residents in Albania. Such law requirement was normally contested by the employers that had to pay contributions for their employees that could obtain the health services in the countries in which they had their permanent residence and where they also paid the health insurance contributions. With the recent amendments to the legislation all employees, Albanian or foreigners, who are not permanent residents in Albania can be exempted from the mandatory payment of Health Insurance contributions.

As a conclusion, the current legislation makes it easier for foreign companies to provide temporary work/service in Albania through their foreign employees, and it also facilitates hiring of employees who are non-Albanian residents to perform work in Albania, by foreign or domestic companies.

PROJECT UPDATES

INSIG PRIVATIZATION

The state-owned insurance company INSIG is scheduled for privatization within 2015. The decision of the Albanian Government has expressed the commencement of the sale procedure. An evaluation of the company has been made by consultants in 1 Billion ALL (approx. as minimum price to put the company up for auction).

ALBPETROL PRIVATIZATION

The Government of Albania announced Albpetrol privatization. The new privatization foresees that Albpetrol will not manage anymore the free blocks for explorations. These blocks will remain under the Albanian Government management after the privatization. The strategy consists in establishing a new company, which will manage the license for transportation of natural gas in the country.

MILOT – MORINE HIGHWAY

Ministry of Transport and Infrastructure (“MTI”) intends to grant concession/PPP to construct, upgrade, operate and maintain the Milot – Morine Highway. The main objective of this works and services Concession/PPP project is upgrading of the Highway and its effective operation and maintenance. The Future Concessionaire will upgrade, operate and maintain the Highway subject to a set of predefined performance standards over a 30 year concession term.

HEALTHCARE PPP PROJECT

Ministry of Health of Albania (MoH) is aiming at improving its laboratory services through private sector participation. The project

involves a notable international organisation, which is advising MoH to develop this health projects as a Public Private Partnership (PPP), (i.e. a contractual arrangement between a public body and a private sector entity, where the skills and assets of the private sector are mobilised by the public sector to deliver services and/or assets to the general public). The objective of this project is to improve public laboratory services in Albania by attracting one or several PPP partners to structure and operate one or several networks of public labs, to invest in lab infrastructure and IT, introduce a quality management system, proposing prices in line with regional comparators.

ARBERI ROAD: Two carriage way roads, with a total of 72 km, linking Tirana to Macedonia through Peshkopia, would give access to the entire region east of the capital. 21 km have already been finalized (Bulqize-Peshkopi) and 16 others have already started construction. Due to financing issues, the roughest terrain segment of 35 km has not yet started. With an estimate financial need of 270-300 Million Euros, the completion of this road will give access to the hardly accessible regions that this road passes through, aiding the local population and foster economic development with Eastern regional countries.

7 OIL BLOCKS TENDERED: The Albanian Government is licensing two companies Aspect Holding and Cluff Natural Resources which has acquired 7 free oil blocks in Albania (5 on-shore 2 off-shore).



KOSOVO Office

HARMONIZATION OF THE KOSOVO INTELLECTUAL PROPERTY LEGISLATION WITH THE EU AQUIS

Two days after the World IP Day, on 28 April 2015 the Industrial Property Agency within the Ministry of Trade and Industry organized a conference on the topic: "Challenges and achievements of Intellectual Property in Kosovo". During this conference it was underlined the strong support of the government of Kosovo in strengthening the intellectual property system in Kosovo.

This willingness of progress is part of a continue development program enrolled in the Strategy on Intellectual Property (2010-2014) and in the Strategy against Counterfeiting and Piracy (2012-2016). Through intellectual property protection will be boosted the technological developments, innovation, inventions and will be improved the reputation of domestic and international companies' brands. These Strategies emphasize the vitality in reinforcing such system and point out the fact that this could be achieved by increasing activities of awareness and education in different



Le Miserables by Admir PËRVATHI
Technique: Oil on canvas

levels and by harmonizing the Kosovo Intellectual Property legislation with the European Union Acquis. Working in this way, the Ministry of Trade and Industry ("MTI") made public that they will make the necessary changes in order to completely fulfil the requirements deriving from the Stabilization and Association Agreement with the European Union that is expected to be ratified during this year 2015.

NEW OPEN PATH FOR INVESTMENTS IN KOSOVO



Ahmet Hasolli
Partner

The Economic Cooperation Agreement between the Republic of Kosovo and the United Arab Emirates was signed in Dubai on 26 April 2015, smoothing the way for concrete investment of the United

Arab Emirates in Kosovo. This agreement opens the gate to cooperation between the two countries in various filed such as trade, industry, agriculture, transports, telecommunications, tourism. This kind of agreement will increase the investments in Kosovo and improve the Economy of the State, enlarging the possibilities of doing business.

As a result of this engagement, on 4-5 May 2015 first round of negotiations were held in Prishtina where an agreement on Investment Promotion and Protection was reached. The Ministry of Trade and Industry communicated that very soon a second round will take place in order to negotiate the technical and legal side of the reached agreement.

FINANCING OF HEALTH PROJECT IN KOSOVO

On January 15, 2015 The Minister of Finance of the Republic of Kosovo, Mr. Avdullah Hoti, and the World Bank's Country Director and Regional Coordinator for Southeastern Europe, Ms. Ellen Goldstein, signed new World Bank-financed project, Kosovo Health Project (US\$25.5 million). The Government is taking a pro-active position towards improving the quality of the health care system, through the introduction of a mandatory health insurance that will offer increased access to, and better quality of, health services in Kosovo. The Kosovo Health Project attempts to develop the financial protection from health spending

PROJECT UPDATES

for the poor and quality of care for priority maternal and child health and non-communicable disease services in Kosovo. The poorest households will be exempted from health insurance contributions, cost-sharing for health care, and/or drugs covered under the new legislation. The Health Project will be implemented over a period of five years.

"KOSOVO A" THERMAL POWER PLANT

The European Union Office has opened a tender for consultancy for decommissioning of "Kosova A" Thermal Power Plant (TPP). The Company that will be selected by the EU Office is expected to provide advices for Kosovo Government

and Kosovo Energy Corporation (KEC) for the decommissioning of this TPP, and should prepare all the necessary studies for this process, based on the EU practices.

"The project will support the Government and the working groups on the decommissioning process of the facilities planned to be decommissioned" (i.e. gasification facilities, fertilizer, heat plant and other facilities that are out of operation in the compound of the TPP) said the open tender by the EU Office. For this tender has been allocated an amount about 2 million Euros, while there are commitments that will be allocated around 60 million Euros for the decommissioning of this TPP until January 2018.

Disclaimer: The contents of this newsletter are 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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