Nexia Albania

15 YEARS 2009-2024

Doing Business and Investing in Albania

2024 Edition



FOREWORD



Dear Readers,

It is with great pleasure that we present to you our latest publication, "Doing Business and Investing in Albania." This comprehensive guide is designed to provide you with valuable insights and practical information about the vibrant business landscape and investment opportunities in Albania.

Albania, with its strategic location in Southeastern Europe, offers a dynamic and growing economy that is ripe for investment. Over the past decade, the country has undertaken significant reforms to create a business-friendly environment, making it an attractive destination for foreign investors. From its competitive tax policies to its expanding infrastructure and skilled workforce, Albania presents a myriad of opportunities for businesses looking to establish a foothold in the region.

This publication aims to serve as a crucial resource for potential investors and entrepreneurs by covering a wide array of topics essential for making informed decisions. You will find detailed information on the legal and regulatory framework, taxation, labor market, and key industry sectors.

We hope that "Doing Business and Investing in Albania" will be an invaluable tool as you explore the opportunities within this promising market. Should you require any further assistance or wish to discuss your business plans, please do not hesitate to reach out to us. We are here to help you every step of the way.

Thank you for your interest in Albania, and we look forward to being a part of your successful business journey.

Elton Haxhi

Chief Executive Officer

Nexia Albania

Introduction to Nexia Albania

Nexia Albania is a team of 20+ professionals with significant experience in global audit and advisory firms. Our senior staff are holders of the ACCA Certification Program and Certified Auditors of Albania.

Our employees have significant experience in audit, accounting, tax and business consulting for start-ups, financial institutions, retail companies, energy, non-for-profit organizations, ICT and other industry sectors.

Since its incorporation in May 2009, the firm achieved significant growth and recognition as one of the top 10 accounting and business advisory firms in Albania.

Nexia Albania is an independent member of Nexia International.

We have more than 15 years' experience in audit, tax, consulting, and other business advisories. We draw on our people's deep country and industry experience to offer services of the highest standards in an excess to 50 businesses operating both nationally and internationally across all industries. Whatever the size of the assignment, we can provide an experienced individual or team to meet each client's specific needs. The structure of our firm combines the advantages of an international firm with the personal care and direct contact, which characterizes the mid-tier firms.

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01. OVERVIEW OF ALBANIA

1.1. Geography and climate

Albania is located in South East Europe in the Western Balkan Peninsula and shares common borders with North Macedonia to the east, Greece to the south and Kosovo and Montenegro to the north. It has access to the Adriatic and Ionian Seas in the west and southwest, with Italy less than 72 km away across the Adriatic Sea. The country terrain is mostly mountains (almost 70% coverage), combined with a beautiful coastline and numerous rivers and lakes, and covers an area of 28,748 km². Albania falls within the Central European Time Zone (GMT +1) and between April and October switches to daylight savings time, i.e. GMT +2.

Albania´s population of 2.8 million has shown remarkable resilience in the face of consecutive shocks. Thanks to a strong rebound in tourism, growth in 2022 beat expectations at close to 5 percent. As of 2023, the Gross Domestic Product (GDP) at current prices reached USD 23 billion, compared to USD 12.3 billion in 2012, affirming Albania's economic vibrancy and untapped potential.

A land of beauty

Nestled in the heart of the Balkan Peninsula, Albania beckons with its blend of natural beauty and cultural richness. From pristine beaches to the rugged Albanian Alps, diverse landscapes present opportunities for development and growth. Boasting various UNESCO World Heritage Sites, including the ancient city of Butrint and the medieval charm of Gjirokastër, Albania offers a unique narrative of history and modern possibilities. This seamless integration of natural wonders and cultural treasures makes Albania an appealing destination for those interested in exploring its rich heritage and contributing to its economic growth.

- Gross domestic product (GDP) growth rate 2023: 3.6%
- Projected GDP 2024: 3.7%
- Inflation 2023 (e): 4.7%
- Projected inflation 2024 (e): 3.9%

Albania´s unveiling potential

Albania´s economy is marked by a sectoral diversity that serves as an indicator of the nation´s adaptability and strength, exemplifying a dynamic approach to economic growth. This diversity, extending across manufacturing, agriculture and various industries, highlights Albania's resilience in the face of evolving global demands.

- Textiles and footwear: 27.8%
- Minerals, fuels, and electricity: 22.1%
- Construction materials and metals: 21.6%
- Food, beverages, and tobacco: 10.6%



1.2. Reasons to invest in Albania

Liberal and reformist investment climate

Albania's progressive stance on foreign investment lays the groundwork for a favorable business environment. The country offers special treatment outlined in the "Law on Tourism" for entities granted "special status" and upholds a liberal foreign investment regime, permitting foreign companies to own 100% of their operations under the "Law on Foreign Investment". Investors also enjoy legal protections provided by the "Strategic Investment Law" further emphasizing Albania's dedication to cultivating a stable and investor-friendly climate.

direct investments emphasize Albania's economic stability. The implementation of free trade agreements with key markets further positions the nation as an attractive investment hub.

Free access to large markets

Additionally, Albania is part of the General System of Preferences (GSP), an asymmetric preference system. Under this system, certain states, such as Australia, Belarus, Canada, Iceland, Japan, Kazakhstan, New Zealand, Norway, the Russian Federation, Switzerland and the United States of America, grant preference to goods originating from developing countries, but not vice versa.



Optimal geographic location

Strategically positioned in the western Balkans, Albania serves as a vital crossroads for Europe's major transit corridors. Boasting a geographic advantage, the country connects northern and southern Europe, providing access to the world's largest trade routes. Its extensive coastline and ports in the Adriatic and Ionian Sea enhance Albania's role as a bridge between East and West.

Economic growth and stability

Albania's economic trajectory reflects strong growth potential. With a solid GDP growth projection of 3.7% for 2024, the country is expected to keep demonstrating its resilience and adaptability. Robust exports and increased foreign

Countries where Albanian preferential origin goods can be exported under preferential tariff treatment according to GSP include Australia, Belarus, Japan, Kazakhstan, New Zealand, the Russian Federation and the United States of America.

Infrastructure development for high-end tourism

The Albanian government's medium and long-term vision extends beyond mere economic growth to the strategic development of high-end tourism. Taking a comprehensive approach, the nation focuses on refining tourism infrastructure, championing sustainability, and addressing seasonality challenges. Legislative initiatives are underway, actively encouraging private

investments and attracting renowned international hospitality brands. Albania aspires to position itself as a year-round tourist destination by 2030, supported by substantial investments in crucial infrastructure such as airports, marinas, and ports. Notable projects, including the completed "Nations Road" highway, seamlessly connect major tourist destinations with the capital, Tirana, enhancing Albania's allure and presenting a compelling investment landscape for those seeking an elevated and immersive tourism experience.

Sustainable tourism and environmental focus

Albania's commitment to sustainable tourism aligns with its environmental priorities. The government envisions extending tourism across the entire country, emphasizing sustainability and authenticity. Initiatives like the Vjosa Wild River National Park exemplify Albania's dedication to protecting natural resources while fostering responsible tourism. This fusion of economic stability, diversified growth sectors, and a dedicated effort towards responsible tourism not only positions Albania as a promising investment destination but also challenges conventional expectations, setting the stage for a new era of sustainable and thriving development in the heart of the Balkans.

Information and communication technology appeal

Albania's Information and Communication Technology (ICT) sector offers a wealth of potential for investors searching for new opportunities. Situated strategically at the crossroads of important European trade routes, the country provides seamless access to both European and Balkan markets. This advantageous location is complemented by Albania's progressive integration into international trade organizations and it's ongoing journey towards European Union accession, which collectively enhance the investment appeal.

The Government of Albania is committed to enhancing growth within the ICT sector through a series of supportive measures, encapsulated within the adoption of a GovTech paradigm. This strategic shift towards modernizing its public sector is grounded in four essential pillars: public sector reform, digital technologies, user-centric logic, and change management. Through these focused areas, Albania seeks to foster a more efficient, transparent, and inclusive government framework. In pursuit of this modernization, substantial progress has been made towards improving the efficiency and responsiveness of public services. By integrating advanced digital technologies with public administration reforms, Albania has achieved a significant digital transformation. Presently, over 95% of central government services, encompassing more than 1,200 digital offerings, are available online. The e-Albania portal, a cornerstone of this initiative, now boasts over 3 million registered users, indicating a robust engagement with digital services among citizens. This comprehensive approach not only streamlines service delivery but also provides



substantial support for SMEs and startups. The platform aims to reduce administrative burdens and provide faster access to government services, thus improving the operational environment for businesses.

More greener energy sector

Albania's energy sector offers a wide range of investment opportunities, particularly in renewable energy, by utilizing its unique geographical advantages and natural resources. The country has made significant progress in diversifying its energy sources beyond its historical reliance on hydroelectric power, which, although significant, is vulnerable to fluctuations in annual rainfall.

Recent developments highlight significant investments in solar energy, such as the construction of large photovoltaic parks like the one by Voltalia in Karavasta. Once operational, it will span 200 hectares and generate energy for approximately 220,000 households. Moreover, Albania is expanding its integration into the European energy network by participating in transnational energy corridors, which enhance its energy security and position as a key energy supplier in the Balkans. This includes recent financial injections, such as a €72 million grant from the EU to support Albania's energy sector in diversifying its energy mix and stabilizing electricity prices for consumers and SMEs affected by the global energy crisis.

The Albanian government is also creating a supportive environment for renewable energy projects, including solar and wind, as part of its National Energy and Climate Plan. This plan aims for 54% of its total energy needs to be met by renewable sources by 2030. Albania's energy sector can receive technical and financial support from international partners. This includes a €100 million loan agreement to boost sustainability and diversification efforts. Additionally, the Albanian government has implemented favorable policies to attract foreign direct investment in renewable energy and strategic development plans are also in place to further enhance the sector's growth.

Fueling the rise of its real estate market

Albania's real estate market has become increasingly attractive for investors, largely due to the country's thriving tourism industry, which has seen exponential growth in 2023. This growth is driven by Albania's appeal as a tourist destination, thanks to its beautiful landscapes, affordable prices, and strategic location. The tourism boom is reflected in impressive figures: Albania experienced a record influx of tourists in the first half of 2023, with a total of 3.4 million foreign visitors, marking a 33% increase compared to the previous year. By the end of 2023, Albania aims to host approximately 10 million tourists.

This surge in tourism has been a crucial factor in driving demand for both residential and commercial real estate, particularly in urban centers like Tirana and coastal areas such as Durrës, which are popular



with tourists. Urban and coastal regions in Albania are experiencing significant increases in property values due to continuous economic growth, infrastructural improvements, and the booming tourism sector. These areas are seeing a mix of domestic and international investments, notably in hospitality and high-end residential developments. In contrast, rural areas offer more affordable options but attract less investment compared to urban locales.

Recent developments in Albania have resulted in significant improvements to the country's infrastructure, particularly in terms of upgrades to its road networks and utilities. These enhancements have not only led to increased accessibility and improved living standards for residents but have also played a key role in enhancing investor confidence and facilitating foreign investment in the country. Both urban and previously less accessible areas have become more attractive for real estate development, thereby boosting economic activities in this sector and creating a conducive environment for sustainable economic growth.

02. ECONOMIC OUTLOOK

2.1. Global economic outlook

Navigating the global economic landscape in 2024 presents a mixed yet optimistic outlook, particularly for developing countries, including the vibrant and resilient Albania. Projections indicate a growth rate of 3.1%, slightly surpassing the October 2023 World Economic Outlook (WEO) by 0.2% points. The forecast for 2024/2025 is, however, below the historical (2000–2019) average of 3.8%. Within this global context, Albania's economic potential shines through amidst challenges, with factors like elevated central bank policy rates, a withdrawal of fiscal support, and low productivity growth being carefully managed.



According to the International Monetary Fund (IMF), in the context of emerging markets and developing economies, where Albania is situated, growth is expected to remain at 4.1% in 2024 and rise to 4.2% in 2025. Albania's contribution to the positive economic narrative in emerging and developing Europe is truly noteworthy. The country is expected to maintain steady growth, with a closing estimate Gross Domestic Product (GDP) growth of 3.6% in 2023. Looking ahead, the forecast for 2024 and 2025, remains optimistic at 3.2%. This consistent economic performance highlights Albania's resilience and its positive impact on the broader regional economy.

2.2. Albania´s economic outlook

Albania, resilient in the face of significant challenges, has adeptly overcome hurdles such as the 2019 earthquake and the disruptive COVID-19 pandemic. Demonstrating an impressive capacity for recovery, the nation experienced a remarkable economic resurgence, particularly fueled by a robust rebound in tourism, resulting in nearly 5% growth in 2022. As of 2023, the GDP at current prices reached USD 23 billion, compared to USD 12.3 billion in 2012, affirming Albania's economic vibrancy and untapped potential. This remarkable journey highlights Albania's ability to transform adversity into opportunities for growth and showcases its attractive economic landscape.



The GDP growth for 2023 stands at a robust 3.6%, underscoring Albania's ability to navigate challenges and consistently move toward economic advancement. According to the Ministry of Finance of Albania, economic development is expected to continue in 2024, with a GDP increase by 3.7 %, primarily driven by private consumption, particularly in the tourism and construction sectors.

The economic strength and expansion in Albania are further featured by the diverse contributions of its key sectors to the GDP. The agricultural sector, deeply rooted in the country's heritage, contributes 18.6% to the GDP and employs 36% of the workforce, while the service industry, encompassing the rapidly expanding tourism sector, leads with a substantial 47.3% contribution to the GDP and employment for 43% of the workforce. In contrast, the influence of the manufacturing sector is diminishing, now contributing 21.4% to the GDP and employing 20% of the workforce. This intricate economic tapestry, not only illustrates the adaptability of Albania's economy but also provides investors with valuable insights for strategic decision-making, highlighting the diverse investment opportunities within this resilient and dynamic market.

According to the World Bank, Albania's economic rebound is anticipated to be anchored by tourism and construction, mirroring pre-pandemic growth levels. Notable merchandise exports in 2022 include textiles and footwear (27.8%), minerals, fuels, and electricity (22.1%), along with construction materials and metals (21.6%), and food, beverages, and tobacco (10.6%). It's noteworthy that international tourism plays a crucial role, representing 46% of total exports and 65% of exports of services, emphasizing its significant contribution to the country's economic landscape. Albania's economic trajectory is poised for collaboration with key international partners such as Germany, Greece, Italy, and Kosovo. These strategic alliances are anticipated to contribute significantly to Albania's economic growth. As the nation moves forward, a harmonious convergence of cooperation and economic prosperity is expected to unfold on the horizon.

In sum, Albania's economic journey reflects resilience and growth, overcoming challenges to pave the way for future prosperity. The dynamic private sector and government reforms create an inviting business environment. Forming alliances with key international partners, Albania becomes an appealing investment destination. As investors seek both financial returns and positive impact, Albania offers a promising opportunity for sustainable growth in Southeast Europe.

2.3. Country rating by various rating agencies

S&P	Moody's	TE Rating
B+ positive	B1 stable	35

According to three of the international rating agencies, respectively Moody's, S&P and TE, Albania has seen an improvement throughout the years in terms of country rating. Recently, Albania has been rated to be stable and positive, as shown in this table:

In September 2023, International credit rating agency Standard & Poor's (S&P) upgraded its outlook for Albania from "stable" to "positive". Concurrently, S&P has reaffirmed Albania's credit

rating at "B+". The shift to a "positive outlook" reflects S&P's confidence that Albania's fiscal indicators will continue to improve beyond the agency's earlier projections. S&P foresees the country's external position improving more than initially anticipated, supported by global economic recovery and the ongoing expansion of Albania's tourism sector.

In April 2023, Moody's affirmed again Albania's B1 rating, maintaining a stable outlook. The affirmation was decided based on the moderate economic strength, moderate fiscal strength as well as susceptibility to event risks. Albania's long-term foreign currency bond and deposit ceilings remain respectively still unchanged at Ba2 and B2, and the local currency bond and deposit ceilings remain unchanged at Baa3.

The first driver of such affirmation relates to the Albanian economy's robust economic growth outlook with Moody's estimate of potential growth of around 3% which combines with structural weaknesses and exposure to physical climate risks to result in moderate economic strength. The medium-term growth perspective is supported by solid foreign direct investments particularly in the tourism and energy sector, further development of the tourism and agricultural sector – including prolonging the tourism season and increasing the importance of high-end tourism and agritourism – as well as competitiveness enhancing reforms attached to the reforms for further advancing on the EU accession process.

2.4. Albanian's maritime

Albania's maritime transport, with about 440 km of coastline, benefits from favorable natural conditions and resources. The four main Albanian ports, including Durres Port Authority, Vlora Seaport, Shengjin Seaport, and Saranda Seaport, facilitate various activities such as transport, tourism, and fishing.

Durres Port, the largest and most crucial port in Albania, acts as the main gateway for Corridor VIII and the Durres-Kukes-Morine Corridor. It covers over 81.8% of all domestic transport and more than 90% of freight transport. The port of Durres has a land area of 65 ha and sea area of 67 ha. Its water depth varies from 7,3 m – 11,5 m. In the next four years Durres port operations will be relocated to Porto Romano. Tender procedures for the construction of the new port are expected to be opened in 2024. Meanwhile, the existing port premises will accommodate a new €2 billion residential and marine project by United Arab Emirates-based real estate developer Emaar.

Vlora Port, the country's second-largest port, primarily serves as a passenger port and partially as a freight port. It is a vital component of Corridor VIII, connecting Albania to the Black Sea, Burgas, and Varna.

Saranda Port, located in the south of Albania in the Ionian Sea, accommodates domestic tourism, and facilitates exchanges with Corfu, Greece.



Shengjin Port, situated in the northwest along the Adriatic Sea, has a capacity of 60 million tons per year, intending to support trade exchanges with Kosovo, Serbia, Macedonia, and beyond.

Romano Port, located 6.5 km north of the city of Durrës, specializes in offshore oil and gas services.

Petrolifera Port, located in the bay of Vlora serves as a terminal for oil and liquefied gas. It is part of Corridor VIII.

2.5. Albania in the air

In air transport, Tirana International Airport (TIA), known as Mother Teresa Airport Rinas, is managed and operated by a Public-Private Partnership. Conveniently positioned 17 km to the north of Tirana's city center, TIA serves as a vital gateway to Albania.

- 17 km (30 minutes) north of Tirana city center.
- 32 km (45 minutes) northeast of Durrës, the country's largest port.
- Located at the crossroads between northern, southern, central, and eastern Albania.
- It is located very close to the main industrial areas of Albania.

Kukës Airport, as the second civil airport in Albania, targets low-cost airlines. It has been built and is operational.

Vlora Airport, dedicated to tourism, is currently under construction.

The new South Tourist Airport is planned to be constructed in the historic city of Gjirokastra. This stone city is already listed as part of the UNESCO World Cultural Heritage, solidifying Gjirokastra as a significant hub for year-round cultural tourism, witnessing a consistent rise in visitors each year. Currently, the project is in the conception phase.

Albania's comprehensive infrastructure development positions it as an attractive investment destination with vast potential for economic growth and prosperity.



03. INVESTMENT OUTLOOK

3.1. Foreign direct investment (FDI) flows and stocks in Albania

Globally, foreign direct investment (FDI) flows across all sectors decreased by 12% in 2022, dropping to USD 1.3 trillion (around €1.2 trillion), primarily due to a reduction in the volume of financial flows and transactions in developed countries. Preliminary figures for 2023 indicate a slight increase of 3% in global FDI flows compared to 2022, reaching USD 1.37 trillion (around €1.27 trillion). In Europe, the geopolitical conflicts and the complicated international landscape have been affecting the flows of FDI over the last years. Nevertheless, the situation appears to be improving as FDI inflows to the region in 2023 amounted USD 70 billion (around €65 billion), compared to the outflow of USD 107 billion in 2022 (around €161 billion), indicating that the European market continues to maintain its appeal for investors despite the geopolitical instability at its borders.

In the case of Albania, the country is positioning itself as an attractive market for investments. This assertion finds support in the fact that, over the past five years, Albania has consistently attracted foreign direct investment (FDI) at levels surpassing the preceding ten-year average, totaling €1,004 million. In 2022, the country received €1,372 million and between January and September 2023, it received around €1,089 million. This suggests that, despite the complicated geopolitical landscape that the world is facing and higher interest rates that hinder investments, the country is showcasing itself as attractive for investors. The favorable economic landscape, coupled with the abundant opportunities within the country, particularly in the thriving tourism sector, presents auspicious indicators of sustained growth.

According to data from the Bank of Albania, on average, between 2014 and Q3-2023, the economic activities that have attracted the highest inflows of foreign direct investment have been the electricity, gas, and water supply sector, accounting for 25.5% of the total FDI inflows of that period, followed by mining and quarrying activities with 24.5%, real estate activities with 11.4%, and financial and insurance activities with 11.1%.

However, the sectors that have relatively shown, on average, a greater growth in the attraction of FDI inflows after the pandemic are human health and social work activities (1,430%), information and communications (883%), other services activities (863%), education (764%), and real estate (312%). In the case of accommodation and food services, this sector has shown, on average, a growth of 262%



compared to the pre-pandemic average FDI inflows.

Regarding the origin of FDI inflows, between 2014 and Q3-2023, Switzerland has been the main investor in the country with €1,829 million, followed by the Netherlands with €1,693 million, Italy with €887 million, Turkey with €809 million, and Austria with €489 million. Similarly, when examining the stock of investments allocated in the country, the Netherlands holds the largest share at 16.5%, followed by Switzerland at 16.0%, Canada at 12.8%, Italy at 11.0%, and Turkey at 7.65% of the total FDI stock located in Albania, respectively.

Albania has a clear strategy to boost and promote investment in the country, whether local or foreign, especially through the Albanian Investment Development Agency (AIDA), established under the Law 10303 in 2010. This agency, operating under the authority of the Ministry of Economy, Culture and Innovation, focuses on enhancing the competitiveness of the private sector, strengthening the export potential of the country, and promoting and supporting FDI in Albania, along with promoting the country's potential.



More recently, under the Strategic Investment Law from 2016, some sectors such as energy and mining, transportation, electronic communications infrastructure, urban waste management, tourism, and agriculture, among others, present attractive incentives for investors.

3.2. Overview of the startup ecosystem and venture capital landscape

Albania's startup ecosystem is still in its nascent stages, with concerted efforts from both the public and private sectors to support entrepreneurship. Fueled by the energy of young innovators, the country witnesses a continuous surge in groundbreaking startups, especially in information technology. Collaborative endeavors among community members and early-stage investors are crucial in unlocking the full potential of Albania's thriving startup scene, showcasing substantial progress.

Aligned with the startup landscape, Albania's commitment to entrepreneurship is evident in various initiatives and partnerships. Different stakeholders have jointly or independently established funds to address the challenge of limited funding opportunities. The government's commitment to technology development, tax relief for local software development companies, and anticipated legal policies for startups during the incubation phase contribute to the imminent creation of a sustainable startup ecosystem, particularly focused on technology companies. In addition, initiatives like digital nomad visas and the Durana Tech-park project position the segment Tirana-Durres as a burgeoning innovation hub in the region.

Albania is swiftly emerging as an enticing destination for investors and entrepreneurs, supported by a dynamic ecosystem and favorable government initiatives. Ongoing endeavors, such as the establishment of a "Start-up Law" in collaboration with donor organizations, aim to streamline support for startups. The country's scenic beauty, high scores in various indices, and provisions for large businesses, coupled with a well-educated workforce and tax benefits, amplify Albania's allure for foreign investors. Notable success stories across industries, facilitated by initiatives like the e-Albania, underline the growing opportunities in the region.

Fortifying its position as an appealing entrepreneurial hub, Albania's lenient legislation on foreign investments prioritizes equal treatment and protection.

Albania's Parliament recently approved Law no. 36/2023, effective from June 28, 2023, which supports the creation and development of high-growth potential startups in the technology and innovation sector. Notably, the law extends its support to "digital nomads," defined as foreign citizens using communication technology to offer professional services for entities outside of Albania without the need for a registered office or headquarters. This legislative initiative reflects Albania's commitment to fostering entrepreneurial growth and accommodating flexible

work arrangements in the evolving landscape of technology and innovation.

The law provides the following tax incentives for digital nomads in Albania:

Support for startups and mobile digital workers

- Exemption from tax residence status for mobile digital workers for up to 12 months.
- No establishment of a permanent presence for foreign entities solely based on receiving services from mobile digital workers.
- The activity of mobile digital employees is not considered to create a fixed place of business.
- Provision of a unique permit for mobile digital workers in accordance with the existing foreign legislation.

Simplified entry and stay for IT professionals

Foreign nationals employed by IT companies, involved in programming, computer consulting, data processing, and related activities, are allowed to enter Albania without a visa and stay for up to one year. During this period, they can apply for a unique permit.

Streamlined visa and residence permit procedures

Simplified visa and residence permit procedures are applied for digital mobile workers. This includes self-declarations regarding employment contracts, accommodation, and financial resources. The process is efficient and designed to facilitate the entry and stay of foreign tech professionals.

The law also provides for:

Start-up Agency

An agency dedicated to the development and support of startups, streamlining processes, and ensuring a conducive environment for growth.

Financial support schemes

A robust management and monitoring unit overseeing the implementation of financial support schemes, turning innovative ideas into successful ventures.

Evaluation excellence

Introducing the "Evaluation Commission" and the "Appeal Commission" – two bodies dedicated to assessing requests from startups and facilitators, ensuring a fair and efficient process.

Collectively, these efforts position Albania as a vibrant ecosystem for innovation and economic growth, offering a welcoming environment for both investors and entrepreneurs alike.



3.3. Technology and science parks

On 14.07.2022 the Albanian Parliament approved Law No. 58/2022 "On creation, organization and functioning of technology and science parks". This law aims to create a special supportive regime to parks that create jobs related to: a) high technology and innovation industries; b) research and development for new products and services and improvement of existing ones; and c) science and technology. Technology and science parks (hereinafter referred to as "Techparks") are a combination of surfaces and buildings whereby the interested entities exercise any of the activities described herein. Any interested legal or natural person, can send the proposal to open Techparks to the Ministry responsible for the economy and the latter, having reviewed the request thoroughly, accepts the request and sends it to the Council of Ministers for final approval. The act approving the Techpark also defines the borders of the park and the activities allowed to be exercised there can only include:

- research and development of new technological or scientific knowledge, which enables the development of products or services;
- creation of new methods of production of

products or services or use of advanced technology in software production, data processing or similar activities;

- improving products and services in a way that brings substantial change to existing products;
- focus on training and raising the capacities of professionals, with the aim of engaging them in the production of innovative products and services.

Techpark projects enjoy the same benefits as strategic investments, such as, but not being limited to fast review of the application, consolidation of the land, support on preparation of documents, providing guiding comments, use of state-owned properties, etc. The review term of any application concerning Techparks is of 15 days, with an additional possible extension of 15 days. Disputes arising out between state institutions and developers or users can be resolved administratively, by mediation, arbitration or court.

Some of the fiscal and legal benefits of Techparks are:

- the entry and exit of goods that serve to produce the 'innovative product' to/from the Techparks are carried out according to the provisions of the Customs Code;
- the supply of Albanian goods destined to be placed in Techparks that serve to produce the 'innovative product' are considered supply for export with a rate of 0 (zero);
- tax rate is of 0 (zero) for 15 consecutive years for revenues generated by the activities that take place in Techparks;
- salaries of the personnel working in research and development in Techparks and the staff of the developer of the Techpark are exempted from all taxes for a period of 10 years;
- goods, equipment and services used in Techparks that serve to produce the 'innovative products', are exempt from VAT;
- constructions in Techparks are exempt from the infrastructure impact tax;
- immoveable properties in Techparks are exempt from immoveable property tax for a period of 10 years;
- training costs for scientific and technical employees in the park can be partially reimbursed by the state according to the respective bylaws;
- in case Techparks are established on public property, the lease agreement is entered by the Council of Ministers for at least 20 years, with the right to sublease;
- by decision of Council of Ministers, the governement may build general infrastructure up to the borders of the park, when possible; and
- payments within Techparks can be made via local, or foreign currencies.

However, kindly note that transfer of an existing activity in the Albanian territory with the sole purpose of benefiting from the facilities provided for in this law, is prohibited. Also, the Techpark developer must involve a higher education institution local or foreign, accredited under the relevant legislation of the country of origin, in the Project.



04. STARTING A BUSINESS

Starting a business in Albania is quite easy and it takes a few days to complete registration formalities. Any potential investor needs to be incorporated under any of the legal forms provided by the Albanian Law No. 9901/2008 "On entrepreneurs and companies", and registered with the commercial registry pursuant to the Albanian Law No. 9723/2007 "On the National Business Center". A business may also be started by two or more investors under a joint venture contract in which case it shall be governed by the rules of the Albanian Civil Code however it must be registered with the commercial registry likewise any of the legal forms provided by the Company Law. The joint venture is usually used as an alternative business vehicle which does not rely on the Company Law rules of operation.



4.1. Business vehicles

Entrepreneurs

A natural person, entrepreneur (Person Fizik, Tregtar) is a business form whereby the legal responsibility of the individual is the same as that of the business and the latter bears no separate legal responsibility. Consequently, the natural person is personally liable for all obligations of the business. Actually, this is the simplest form of doing business and for registration is required only the ID/passport of the applicant.

Commercial companies

A commercial company is established and registered in Albania if its head office is located in the territory of the Republic of Albania.

Foreign companies can register branches and representative offices in Albania to conduct business operations. While a branch can conduct profitable business activity, a representative office is restricted to non-profit business operations only. For tax purposes, the branch of a foreign company is treated in the same manner as an Albanian entity.

Limited Liability Company

"Shoqëria me përgjegjësi të kufizuar" or SHPK is the most common legal form of conducting business in Albania. It can be established by one or more individuals or legal entities. In principle , shareholders are held liable for losses only to the extent of their unpaid contribution in the registered capital of the company. The minimum required registered capital for the incorporation of a limited liability company is ALL 100 (approx. €1). The contributions to the capital can be in cash or in kind through any asset, tangible or intangible. Paid in capital is not required upfront upon the establishment and registration of a limited liability company with the Albanian Commercial Register held by the National Business Center ("NBC"). The company is managed by the administrator(s), who are nominated by the General Shareholders' Assembly for a period of no more than 5 years, which can be renewed accordingly. In such regard the Albanian legislation in force poses no restrictions on the number of administrators that might be appointed by the General Shareholders' Assembly. The appointed administrators may be only individuals/natural persons.

Joint Stock Company

"Shoqëri Anonime" or SHA, is the equivalent of Joint Stock Companies (JSC) in other jurisdictions and

is often selected for large enterprises or specific high impact companies conducting business in Albania, or when the law makes it mandatory. It can be established by one or more individuals, or legal entities. Under normal circumstances, shareholders are held responsible for losses only to the extent of their unpaid contribution to the capital. The capital of a joint stock company is divided into shares and the minimum initial registered capital required is ALL 3,5 million (approx. €34,000) for companies with no public offering, and ALL 10 million (approx. €97,000) for companies with public offering.

Upon establishment of the company, at least one quarter (¼) of the nominal value of the subscribed shares representing contributions in cash must be paid in. Payment of the remaining value shall be made in installments upon the decision of the management bodies of the company. Shares of contributions in kind must be fully paid in at the moment of subscribing. In the case of JSC the law does not permit contributions in services.

Joint stock companies may choose to adopt either (1) a one tier governance system (with a board of directors/administrators conducting both management and supervising functions) or (2) a two-tier system (with board of directors/ administrators and supervisory board conducting supervising functions).

General Partnerships

"Shoqëri Kolektive" is a type of company where the liability of its partners towards creditors is unlimited. This type of company is not common in Albania however it is mostly used by associated professionals who provide services. There are no capital threshold requirements. The contributions to the capital can be in cash, in kind as well as services.

Limited Partnerships

"Shoqëri Komandite" is a type of company suitable for small and medium enterprises, where the liability of its limited partners is limited to their contributions to the partnership capital while the general partner who is vested with management and representation powers bears unlimited liability towards third parties. There are no capital threshold requirements. Although this type of company has not yet been explored by the business community and investors in Albania, it provides significant funding and operational flexibility for the startup's community.

Joint Venture

Joint Venture is a contractual arrangement between two or more investors to conduct economic activity under the rules of the Albanian Civil Code. It is an alternative way of business setup that is quite simple and does not rely on the Company law rules of operation. It is usually used for ad hoc business operations.

4.2. Registration with the commercial register

Any of the business vehicles operating in Albania must be registered with the Albanian Commercial Register held by National Business Center (NBC). Upon registration with NBC, the company obtains the Unique Business Registration Number (alb. NUIS) which simultaneously serves as a tax identification number. Such a number is unique and may not be transferred to any other entity. Registration with NBC, pursuant to law governing operation of NBC, is completed within 1 (one) day from application date if the submitted file is accurate and complete.

For the registration of the company with the Albanian Commercial Register the following documents are required:

a. Application form, filled and filed by the administrator of the new company or a duly authorized person;

b. The Articles of Incorporation and the Statute of the new company signed by the founding shareholders, or their authorized representative(s);

If the shareholder is a company the following is further required:

- Decision of the competent decision making body of the parent company on establishment of the new company in Albania, to include: name of the company in Albania, scope of the activity, address of the legal seat, the initial share capital of the company in Albania, duration period of the company, if it is determined, VAT status of the new company, small/large business categorization based on new company's forecast of annual turnover, name of the administrator and any restrictions to the powers and rights to be conducted in Albania by the administrator(s) if any, signature specimens of the administrators representing the new company before

third parties, authorization of the person that will undertake the execution of incorporation acts of the company in Albania as well as the registration procedures on behalf of the sole shareholder;

- Statute of the shareholder, the latest version as amended and modified, if any;
- Certificate indicating the registration of the parent company in the country of origin;
- Certificate of good standing of the parent company, stating that the company is not under process of liquidation or winding-up, issued within 90 (ninety) days from the date of application near NBC in Albania;
- Copy of the passport of the authorized representative(s) acting on behalf of the parent company that has signed the Incorporation act of the shareholder;

c. Copy of the passport of the administrator(s) of the new company;

d. Power of attorney granted in favor of the representative for preparation, execution and filing of any document, and application form for registration of the new company with the Albanian Commercial Register and other public authorities, if such authorization is not specifically granted in the incorporation act.

All the documents obtained abroad and issued by foreign public authorities should be in original or certified true copies and must bear the apostile in the country of origin.

Registration of a branch or representative office

Registration of a branch or representative office requires the following documents:

a. Standard application form, completed and filed by the branch or representative office, a representative of the parent company or an authorized person through power of attorney issued by either of the former two;

b. articles of incorporation and bylaws of the parent company and all amendments;

c. A recent document issued no more than 90 days from the date of application, which includes:

- the registration of the parent company in the Commercial Registry of the country of origin;
- a statement that the company is not subject to dissolution or bankruptcy procedures; and
- composition of the company's managing bodies.

d. A resolution of the parent company's decision-making body, or of any other company body authorized under its bylaws for the establishment of the branch or representative office in Albania and appointment of the branch or office's legal representative; and

e. The parent company's balance sheet for the previous financial year.



4.3. Registration of ultimate beneficial owners

Pursuant to Law No. 112/2020, dated 29.07.2020 "On the Registry of Beneficial Owners", as amended, Albanian companies established and registered with the commercial registry held by the NBC (including branches and representative offices of foreign entities) are required to report and declare all the requested data on Ultimate Beneficial Owners ("UBO"). The Law has defined Ultimate Beneficial Owners as: "the individual who ultimately owns or controls a legal entity and/or the individual on whose behalf a transaction or activity is being conducted by the latter". This definition is also further specified in 2 (two) main categories involving:

- "Direct Ownership" - ownership of 25% or more of shares/equity shares or ownership interests held by an individual in a reporting entity;
- "Indirect Ownership" - ownership or control exercised by the same individual in one or more legal entities in the chain of control of the reporting entity, which individually or jointly owns 25% or more of the capital shares/ quotas or ownership interests in the chain of control of the reporting entity.

The application is filed via the electronic system "e-Albania" by a duly authorized representative of the Reporting Entity. The authorized representative must be a legal representative of the company (i.e., administrator) or an authorized physical person representing the entity by means of power of attorney or board decision based on the legal provisions currently in force in Albania.

As envisaged by the law, all involved legal entities are required to provide information concerning their beneficial owners. In addition to the personal information, additional data and documentation regarding the date of determination of the individual as a beneficial owner, percentage and type of ownership (Direct or Indirect) are required to be submitted by the authorized person.

The application for registration of UBOs is made at the same time as the application for registration of the reporting entity with the National Business Center or within 40 (forty) calendar days from the date of registration. The whole verification procedure by the NBC staff is estimated to take approximately 2 days from the moment of submission. After this period the NBC shall either approve the application, consequently listing the UBO data on the archive, or require further specification or documentation from the applicant if deemed necessary.

Failure to make the UBO filing within the initial period of 40 (forty) calendar days, shall be punishable with a fine in the amount of ALL 50,000. Failure to register the UBO within an additional 40 (forty) calendar days after the expiry of the initial 40 (forty) calendar days period, shall be punishable with a fine in the amount of ALL 600,000. Failure to comply with the requirements of registering changes in the reporting within 90 (ninety) calendar days from the date the UBO change has occurred, shall be punishable with a fine in the amount of ALL 400,000.

4.4. Other registrations

e-Tax

Currently, registration with the Commercial Register also implies immediate registration for national and local tax purposes. Consequently, once registered and equipped with a certificate of business registration every business need not do any other type of application other than UBO application.

Opening of bank account

Once the company is established the administrator and all shareholders owning more than 20% of company shares (depending on the bank) must appear personally at the chosen bank in order to open a bank account on behalf of the company in Albania. To open the bank account, the following documents must be submitted at the bank:

- Copy of Articles of Association and Statute of the new company in Albania;
- Copy of the passport of the administrator and shareholders;
- Company registration number issued by NBC;
- Extract of registration issued by NBC;
- If shareholders are foreigners, but resident in Albania, their residence permit and confirmation of residence in Albania.

05. TAXATION

Albanian law applies the principle of worldwide taxation. Resident entities are taxed on all sources of income in and outside the territory of Albania, while non-resident entities are taxed on income generated only in the territory of Albania.

Currently, the legal framework regulating the tax system in Albania is based on:

- Law no. 29/2023 "On Income Tax", effective from January 1st, 2024 and subsequent amendments;
- Law No. 92/2014 "On the Value Added Tax" effective on January 1st 2015, and subsequent amendments;
- Law No. 9920 "On the tax procedures in the Republic of Albania" dated 19 May 2008 and subsequent amendments;
- Law No. 9632 "On the local taxation system" dated 30 October 2006 and subsequent amendments;
- Law No. 9975 "On the national taxes" dated 28 July 2008 and subsequent amendments;

Albania's tax system has undergone major changes in its tax rates during the last 14 years. The New Income Tax Law (effective from January 1st, 2024) has been marked as one of the most important changes of the existing tax legislation in the recent years and its impact in tax compliance is considered of great relevance.

Tax legislation in Albania is composed of the following:

- Income Taxes
- Value Added Taxes (VAT)
- Social and Health Contributions (SHC)
- Other Local and National Taxes

5.1. Income Taxes

Income tax legislation in Albania is composed of:

- Personal Income Taxes (PIT)
- Corporate income Taxes (CIT)
- Withholding Taxes (WHT)
- Transfer Pricing (TP)



5.1.1. Personal Income Tax (PIT)

Resident individuals are subject to PIT on their worldwide income. Non-resident individuals are subject to PIT only on the income sourced in Albania. An individual is considered resident for tax purposes in Albania if:

- His center of vital interest is in Albania;
- Is present in Albania for a period(s) exceeding in the aggregate 183 days during any 12 consecutive months, ending in the fiscal year concerned; and
- Albanian citizen working abroad as an official of Albania (e.g. diplomat) in a foreign state.

The new Income Tax Law taxes the individuals at three sources of income as follows:

- Employment income
- Business income
- Investment income

Employment Income

The following categories are subject to employment income:

a. Salaries and other remuneration related to the current employment (salaries include the basic salary and all permanent allowances).

b. Self-employed ("sole traders/entrepreneurs") providing professional activities are taxed with progressive income tax, at a tax rate between 13-23% depending on the annual amount if the following criteria are met:

- At least 80% of their annual turnover is generated from one client; or
- At least 90% of their annual turnover is generated from not more than two clients.

The above does not apply if the professional services are provided to non-resident clients. In such a case, the income will be taxed as business income.

c. Payments made to employees in cases of terminating the employment contract

For determining the tax residence of the individuals two additional criteria are taken into consideration:

- Place of vital interests, and
- Place of activity criteria (shop, professional office etc.).

PIT on employment is applied at a progressive rate, and is withheld by the employer on a monthly basis from the gross monthly salary of the employee.

The progressive employment income tax scheme applicable from 1 June 2023 until 31 December 2024 is as follows (amounts in ALL):

Employment income (ALL/month)		Tax Rate
From	To	
0	50,000	0%
50,001	60,000	13% of the amount above ALL 35,000
60,001	200,000	13% of the amount above ALL 30,000
200,001	and above	ALL 22,100 + 23% of the amount above ALL 200,000

Whereas starting from January 1, 2025, the progressive taxation scheme of employment income in Albania will be as presented below:

Employment income (ALL/annum)	Tax Rate
0 – ALL 2,040,000	13%
More than ALL 2,040,000	23%

The following are exempted from employment income:

- Foods or equivalent amount of money for food consumption, non-alcoholic drinks, working tools, medical treatment provided by the employer to the employees which secure better working conditions;
- Reimbursement of travel expenses, per diems and accommodation costs according to the relevant legislation;
- Contributions to life and health insurance, and accidents from work.

- Income derived from the salaries and compensations for the employment relations of the officials of consulates, diplomats, or similar of third countries and international organizations, who during their official functions in the Republic of Albania, in accordance with the ratified conventions or international agreements, signed by the Republic of Albania or the Council of Ministers, enjoy diplomatic status.

Business incomes

The following categories are subject to business income:

- Income from self-employmet
- Income from interests, dividends, and royalties deriving from business activities;
- Income from leasing a business, regardless of whether the lease includes all or a part of tangible or intangible assets;
- Income from sale of any type of business asset and liability, including its sale the whole business;
- Capital gain realized from the transfer of business assets and liabilities to a business reorganization;
- Gifts, grants or subsidies received by a person in connection with its business;
- The income realized by a physical person for any type of technical or digital service fee;
- Capital gains from the revaluation of business assets when these assets are given as a contribution in kind in the capital of a company, either in its establishment or capital increase;
- Income from mining crypto currencies;
- Income deriving from transactions with crypto currencies which are directly linked with the business.

Business income tax rates:

- 15% for those with annual taxable income up to ALL 14 million
- 23% for those with taxable income exceeding ALL 14 million

Entrepreneurs/Self-employed individuals whose annual turnover is up to ALL 10 million have the option to choose between:

- A lump sum amount of presumed deductible expenses in the range of 30-90% of turnover; or
- Claiming deduction of all expenses supported by proper fiscal documents.

Small business tax incentives

Entrepreneurs/Self-employed individuals doing commercial business activity having an annual revenue up to ALL 14 million, except sole professionals, are exempted for icome tax untill 31 December 2019.

While, entrepreneurs or self-employed individuals providing professional services according to the list approved by the decision of the Council of Ministers no. 753, dated 20.12.2023 and are subject to the new taxation scheme and taxed at 15% or 23% depending on the annual turnover.

Investment income

Individuals are taxed at a wide range of extended list of investment income such as: income from dividends, royalties, interest, alienation of immovable properties, private pensions and life insurance, rental, mining and crypto assets etc.

Investment income tax rates are as follows:

- 8% on dividends
- 15% on the rest of investment income.

Annual income tax bases and individual income tax return

Annual income tax base = Sum of annual income (from employment + business + investment) minus allowances and deductions

Individuals subject to income taxes for the employment and/or business income will be eligible to deduct:

a. A personal annual allowance of:
   - ALL 600,000 if annual income does not exceed ALL 600,000 (monthly ALL 50,000 for monthly income up to ALL 50,000);
   - ALL 420,000 if annual income is between ALL 600,000 and ALL 720,000
   - ALL 360,000 if annual income exceeds ALL 720,000.

b. An allowance of ALL 48,000 for every dependent child; and

c. Expenses of up to ALL 100,000/annually for the education of dependent children, for taxpayers whose annual taxable employment and/or business income is less than ALL 1.2 million.

Individuals are subject to annual individual income tax return declaration if:

- Their annual gross income from all sources exceeds ALL 1.2 million;
- During the year have been employed by more than one employer;
- Their annual non-taxed income exceeds ALL 50 000.

Annual Individual Income Tax Return must be submitted within 31 March of the following year. Also any taxes that may result to be paid, must be paid within the same date 31 March of the following year.

Incentives for Science and Technological Parks

Salaries of IT personnel working on research and development for user in a Science and Technological Park according to Law No. 58/2022 "For the creation, organization and operation of the technological and scientific parks" are exempt from income taxes for a period of 10 years.

5.1.2. Corporate Income Tax (CIT)

The following entities are subject to CIT:

- All legal persons (limited liability, joint stock etc.);
- Branches of foreign entities;
- Entrepreneurs/Self-employed/physical persons having an annual turnover more than ALL 14 million

As per the new Law starting from 1 January 2024 all entities are subject to CIT regardless of their annual turnover. Standard rate of corporate income tax rate is 15%.

The following entities are exempted from CIT:

- Central and Local Government Bodies
- Central Bank of Albania, Financial Supervision Authority, Deposit Insurance Agency;
- Foundations or non-banking financial institutions established to support the development policies of the

government through credit activities;

- Legal entities which conduct religious, humanitarian, charitable, scientific or educational activities;
- Trade unions or chambers of commerce, industry or agriculture;
- Entities provided for in international agreements ratified by the Albanian parliament;
- Film studios and cinematographic productions that are licensed and funded by the National Cinematographic Centre.

Tax residence and permanent establishment

Legal entities that are registered with the National Business Center or whose place of effective management is in Albania are considered to be Albanian tax residents.

A permanent establishment (PE) shall imply a fixed place of business through which the business activity of an enterprise is wholly or partly carried out either directly or through a dependent agent. A PE can also be constituted in case of "effective control" from Albania. A PE could include an administrative office, a branch, a factory, a workshop, a mine or any other place for exploitation of natural resources, as well as a building, reconstruction, installation or assembling site.

The provisions of the double tax treaties prevail over the local legislation.

Resident entities are taxed on all sources of income in and outside Albania, while non-resident entities are taxed on income generated only in the territory of Albania. Arm's length principles apply on transactions with related parties. The Transfer Pricing legislation is in line with the OECD Transfer Pricing Guidelines.

Non-deductible expenses

Expenses which: a) are not supported with fiscal documentation, and/or b) are not incurred for business purposes are considered as non – deductible expenses.

Non-deductible expenses, among others, include:

- Donations;
- Fines and penalties;
- Bribes;
- Loan interest exceeding the 12-months average interest rate in the banking sector, as published by the Central Bank of Albania.
- Accounting provision expenses;
- Expenses for consultancy, technical services, and management invoiced by non-resident taxpayers if not paid by the Albanian taxpayer 31st March of the following year (where such expenses are paid later, they are tax deductible in the tax period when paid);
- Benefit in kinds and gifts;
- Cost of acquisition and improvement of land;
- Impairment losses on fixed assets;
- Losses, damage and wastes related to production, transportation and storage in excess of the rates determined by decision of Council of Ministers



- Sponsorship expenses which exceed 3% of profit before tax, and sponsorship expenses for press publishers which exceed 5% of the profit before tax, with some exceptions;
- Wages, bonuses and any other form of income deriving from an employment relationship and paid to the employees in cash;
- Payments made in cash of amounts exceeding ALL 150,000;
- Representation expenses that exceed 0.3 % of annual turnover;
- Provisions and reserves (with some exemptions applicable to the financial sector);
- Depreciation and amortization calculated at rates exceeding the tax depreciation rates;
- Expenses of life and health insurance for employees exceeding 5% of their annual gross salaries;
- Contributions to private pension plan for employees up to ALL 40,000 monthly;
- Other expenses which are not supported by the fiscal documentation.

Long term contracts

Long-term contract is a type of contract concluded for the purpose of manufacturing, installation or construction; or the performance of services, for a period exceeding or expected to exceed 12 months. Revenues related to a long-term contract must be accounted for the amounts that correspond to that part of the contract completed in the respective tax period.

Depreciation

The owner of an asset is entitled to depreciation allowances. There is only the straight-line method of depreciation applicable as per the Albanian legislation. The depreciation rates are applied as follows:

Asset category	Method	Rate(%)
Buildings and machinery and other fixed structures installed in the building	Straight-line basis	5%
Computers, software products, and information systems	Straight-line basis	25%
Intangible assets	Straight-line basis	15%
Other assets	Straight-line basis	20%

When the net book value of an asset at the beginning of the period is lower than ALL 10,000 then the whole net book value may be recognized as a deductible expense for the said period.

Bad debts

The new law provides for the recognition of bad debts for CIT purposes also for non-financial companies for the transactions with unrelated parties, to the extent that the taxpayer has taken reasonable steps to pursue payment from the client.

Bad debt allowances are as follows:

Bad debt outstanding period of time	Percentage of bad debt recognition
6 months	20%
12 months	40%
24 months	60%
36 months	85%

Losses carried forward

Fiscal losses may be carried forward against profits for up to 5 (five) consecutive years, according to the principle "first loss before the last one". However, this does not apply when the entity's direct or indirect ownership of the share capital or voting rights has changed by more than 50%.

CIT prepayments and filing requirements

During the taxable period, the taxpayers (self-employed and entities) should prepay CIT on a monthly or quarterly basis. With this regard, CIT prepayments may be processed either on the fifteenth of each month of that year or quarterly within each quarter (31 March, 30 June, 30 September, 31 December).

Incentives for Corporate Income Tax

- Automotive sector, Agricultural and Agro tourism will be subject to 5% CIT until 31 December 2029;
- Software development entities will be subject to 5% CIT until 31 December 2025;
- 4&5 stars, branded and special status hotels (received by the end of 2024) will be subject to 0% CIT for 10 years from starting operations;
- Entities whose annual turnover does not exceed ALL 14 million, except for entities carrying out professional activities, will be subject to 0% CIT until 31 December 2029.
- The income generated by the developer and user in a Science and Technological Park according to Law No. 58/2022 "For the creation, organization and operation of the technological and scientific parks" are taxed at zero rated CIT for 15 consecutive years.
- TEDA's developers and users, according to Law No. 9789 dated 19.07.2007 "On the establishment and operation of technological and economic development areas" as amended, are taxed at 7,5% CIT rate for a period of 5 years.

CIT installments are calculated as follows:

- For each of the months: January, February and March of the current taxable period, the amount of CIT for the taxable period of the two preceding years is divided is by 12;

For each of the nine other months of the current taxable period, the amount of CIT for the preceding taxable period divided by 12.

Taxpayers are obliged to electronically submit the annual CIT return to the e-tax system within 31 March of the following year and to pay, within this deadline, the difference between the CIT liability as per the submitted CIT return and the CIT prepayments made during the tax period.

Dividends paid to an Albanian resident company will be exempted from WHT in case:

- The recipient holds at least 10% of the shares or voting rights of the payer company; and
- The minimum participation has been held for an uninterrupted period of at least 24 months.

5.1.3. Withholding Tax (WHT)

All entities resident in Albania should withhold tax at the following rates respectively for the following gross payment sourced in Albania:

Type of income	Subject to WHT if paid resident or PE?	Subject to WHT if paid to a non-resident?	WHT rate
Dividends*	Yes, subject to the participation exemption in case of companies	Yes	8%
Interest	Yes	Yes	15%
Royalties	Yes	Yes	15%
Rents	Yes, for payments to individuals	No	15%
Services and other types of income	Yes, for payments to individuals	Yes	15%

* Dividends paid to an Albanian resident company will be exempted from WHT in case:

- The recipient holds at least 10% of the shares or voting rights of the payer company; and
- The minimum participation has been held for an uninterrupted period of at least 24 months.

The WHT on dividends declared but not paid out (by decision of shareholders) must be paid by the end of the 3rd month following the month in which the decision of shareholders to distribute the profits was made.

Double taxation treaties and reduced WHT rates

The gross amount of interest, royalties, dividends, and shares of partnerships' profits paid to non-resident companies is subject to a 15% WHT, unless a Double Tax Treaty (DTT) provides for a lower rate.

The 15% WHT is levied on the gross amount of payments for technical, management, installation, assembly, or supervisory work, as well as payments to management and board members.

Albania has signed 43 DTTs, of which 41 are currently in force. Moreover, based on Instruction No. 6, dated 10.02.2004 "On bilateral agreements on avoidance of double taxation and prevention of fiscal evasion" in order to benefit from the provisions of the DTT, the parties (payer of the income is deemed by these provisions) should apply with both Tax Authorities for avoidance of double taxation procedure. Such procedure can be pursued within two years from payment of each invoice.

If a non-resident company does not create a PE in Albania, and a DTT exists between Albania and the country of residence of the foreign entity, the payment of WHT might be avoided or reduced, provided that the conditions set up in the respective DTT are satisfied. The reduced rates are applied according to the terms of each specific DTT. A list of treaties is disclosed at appendix A.

5.1.4. Transfer pricing

The rules on transfer pricing are based on the OECD Transfer Pricing Guidelines 2010. Subject to Transfer Pricing Regulation are all Albanian taxpayers engaged in cross-border transactions with "related parties". Transfer pricing adjustments may be made if the conditions set in a transaction between related parties differ from those that would have been set if the parties were independent. In particular, the following are regarded as related parties:

a. A legal entity and any person who owns, directly or indirectly, at least 50% of the shares or voting rights in that entity; and

b. Two or more legal entities if a third person owns, directly or indirectly, at least 50% of the shares or voting rights in each entity.

The TP methods are as follows:

- the comparable uncontrolled price method;
- the resale price method
- the cost-plus method;
- the transactional net margin method; and
- the profit split method.

Taxpayers performing controlled transactions which exceed ALL 50 million per year should present to the tax authorities an Annual Controlled Transactions Notice.

5.2. Value Added Tax (VAT)

VAT standard rate in Albania is at 20% and is applicable to the supply of goods and services incurred in Albania and provided in return of a consideration by a taxable person in Albania, including imported goods into Albania.

Reduced VAT Rates

The reduced VAT rate of 6% is applied to the following:

- Accommodation services, according to the categories defined by the tourism legislation;
- Any supply of services provided within the **"Five Star Hotel / Resort, with special status"**, holders of an internationally recognized and registered trademark (brand name);
- The provision of accommodation and restaurant services, with the exception of beverages, for facilities certified as "agritourism" subject;
- Advertising services by audio-visual media;
- Supply of books;
- Supply of electric vehicles for public transport (having more than 9 seats).

Whereas agricultural inputs are taxed at 10%.

The VAT registration threshold is determined by the Council of Ministers, and the current threshold starting from 1 January 2021 is of ALL 10 million in a calendar year, including sole traders. Voluntary registration is possible. Taxpayers that provide professional services such as notary, public and private bailiff are required to register for VAT purposes in Albania, regardless of their annual turnover.

Place of supply of services

As a general rule, the place of supply of services is Albania when the receiver of the service is a registered taxable entity in Albania, or the receiver of the services is an individual and the supplier of the service is a taxable entity registered in Albania.

The general rule works as follows:

Location of suppliers	Location of the buyer (taxable persons)	Location of the buyer (non-taxable persons)	Place of supply
Albania	Outside of Albania	N/A	Non-taxable in Albania
Outside of Albania	Albania	N/A	Taxable in Albania
Albania	N/A	Outside of Albania	Taxable in Albania
Outside of Albania	N/A	Albania	Non-taxable in Albania

While for the electronically provided services to non-taxable persons, the place of supply of services is determined as follows:

Location of suppliers	Location of the buyer (non-taxable persons)	Place of supply
Albania	Outside of Albania	Non-taxable in Albania
Outside of Albania	Albania	Taxable in Albania

VAT Exempt supplies

The following are considered VAT exempt supplies without the right of credit:

- Certain activities in the public interest such as postal services, hospital and medical care and closely related activities, exercise of the paramedical profession, supply of human organs, blood and milk, supply of services closely related to social welfare, education, religious, cultural and sports activities;
- Insurance services;
- Financial services;
- Supply of gold and banknotes from the Bank of Albania and second level banks;
- Hydrocarbon research operations;
- Gambling, casino and racetrack services;

- Supplies of immovable property (excluding construction services);
- Supply of land;
- Supply of rented premises for periods of more than two months;
- Supply of ID cards to Albanian citizens;
- Supply of printing services for newspapers, supply of newspapers, magazines of any kind, as well as supply of advertising services from print media.

Furthermore, certain imports are exempt from VAT such as:

- Import of goods which, if supplied within Albania, would have been exempt from VAT.
- Import of personal used goods or in the baggage of travelers.
- Goods imported by diplomatic and counsellor bodies.
- Imports declared to be under the temporary allowance regime and active processing.
- Import of machinery as an inward investment with a value equal or higher than ALL 500 million.
- Import of machinery from businesses subject to simplified Corporate Income Tax.
- Import of machinery as an inward investment in agribusiness, regardless of investment value.

VAT Incentives for Science and Technological Parks and TEDA's

- The supply of Albanian goods destined to be placed in Techparks that serve to produce the 'innovative product' are considered supply for export with a rate of 0 (zero);
- Goods, equipment and services used in Techparks that serve to produce the 'innovative products', are exempt from VAT;
- Supply of goods in TEDAs are exempted from import duties and VAT;
- Goods can be transported from one TEDA to another without paying import duties or VAT.

Zero rated VAT supplies

A VAT rate of 0% (exempt with credit rights) is applicable on the following supplies:

- Export of goods.
- The supply of goods sent or transported outside of the territory of the Republic of Albania by the buyer of those goods who is not present in Albania.
- Supply of goods from not-for-profit organizations, exported as part of their humanitarian, educational or charitable activity.
- Supplies of services intended for goods which are imported under the inward processing regime.
- Supply of services, inclusive of transport and other additional aid operations, related directly to export or import of goods as specified in the Law on VAT.
- Supply of goods destined to be transported in the personal baggage of travelers.
- The supply of goods and services related to international transport.
- The supply of goods and services performed in the scope of diplomatic or consular relations.
- The supply of goods and services within the Republic of Albania destined for the armed forces of members of NATO.

- The supply of gold for the Bank of Albania.
- The supply of services from intermediaries in the name and on behalf of third parties, for a set of transactions as prescribed in the Law on VAT.
- Supply of goods intended for temporary import regimes, customs warehousing or destined for a free zone.
- The supply of goods which are intended to be admitted into territorial waters for the fueling and provisioning of drilling or production platforms.

VAT representatives

For the services provided by non-residents to Albanian individuals or non-taxable persons, and where the place of supply of services is in Albania, foreign taxpayers should appoint a VAT Representative in Albania.

VAT return, VAT reimbursement, credit coefficient and VAT filing

The amount of VAT to be paid is calculated as the difference between VAT applied to sales (output VAT) and VAT applied to purchases (input VAT). If the input VAT is higher than the output VAT, then the difference is a VAT credit which can be carried forward to subsequent months. If output VAT is higher than input VAT and credit VAT from prior periods, a VAT liability results.

A taxpayer may claim a reimbursement of excess tax credit in the cases when:

- The taxpayer has carried forward an amount of tax credit for three successive months; and,
- The credit amount exceeds ALL 400,000

Taxpayers who carry out both taxable and exempt activities can credit only the portion of their input VAT that corresponds to taxable activities. If a clear division of input VAT cannot be made, a credit coefficient, which is calculated as the ratio between the turnovers on taxable activities over the total turnover, is applied

The deadline for the electronic filing of the VAT declaration and the payment of the related tax liability is the 14th (fourteenth) day of the following month.

Incentives for Science and Technological Parks

Entities having the status of user in a Science and Technological Park according to Law No. 58/2022 "For the creation, organization and operation of the technological and scientific parks", have the following VAT incentives:

- Goods and equipment and services used in the park which are serving for the release of the "innovative product" are VAT exempt;
- The supply of Albanian goods destined to be placed in the park, which serve for the release of the "innovative product", are considered as supply export zero VAT rated.

5.3. Social and Health Contributions (SHC)

Individuals subject to mandatory contributions

Social and health contributions are mandatory for the following individuals:

- Employed;
- Self-employed /entrepreneurs;
- Unpaid family workers; and

- Other economically active persons

Foreign individuals who work in Albania under a local employment agreement are required to pay social and health contributions in the same manner as local employees. Foreign employees working under a foreign employment contract in Albania (with some exceptions) have the right to choose between the Albanian social and health insurance scheme, or another scheme of their home country.

Rates/percentages of the contributions are as follow:

Contributions	Employer rates	Employee rates	Total	Self employed
Social contributions	15.0%	9.5%	24.5%	23.0%
Health contributions	1.7%	1.7%	3.4%	3.4%
Total	16.7%	11.2%	27.9%	26.4%

In case an employee is employed in two entities, they pay SHC in both entities but not more than the maximum SHC salary. In case the employee pays SHC on the maximum salary in one entity, then the salary received by the second entity will not be subject to SHC. In case both salaries do not exceed the maximum salary for SHC, then the contributions will be paid in full by the entity paying the highest salary and the second entity pays only for the difference with the maximum salary.

The monthly minimum and maximum salaries for social contributions purposes are the following:

- Employed individuals: ALL 40,000 and ALL 176,416;
- Self-employed: ALL 40,000 for social contributions and ALL 80,000 for health contributions.

There is no maximum threshold of salaries for the purposes of employed health contributions.

Incentives for Science and Technological Parks

IT professional employed by entities having the status of user in a Science and Technological Park according to Law No. 58/2022 "For the creation, organization and operation of the technological and scientific parks" may pay social insurance contributions at the level of the minimum monthly salary (i.e. currently ALL 40 thousand), with the prior approval of the employee, regardless of the declared gross salary".

5.4. Other taxes

5.4.1. Customs duties

Albania uses the Harmonized Code System for tariff classification for the purposes of calculating customs duties.

Among other, following items/goods are exempted from custom duties:

- Goods imported under government agreements;

- Certain imports for contractors in oil exploration;
- Humanitarian aid;
- Donated goods imported for charitable, philanthropic, or aid purposes by not-for-profit organizations, religious institutions or public entities;
- Goods imported for trade promotion purposes and advertising.

5.4.2. Excise duties

Excise duty is a tax applicable to certain goods consumed in Albania, whether imported or produced in the country, such as: fossil products, tobacco products, alcoholic beverages, fireworks etc.

Albanian excise legislation is based on EU Council Directive 2008/118/EC that defines common provisions applicable for all excisable goods. It also integrates specific provisions applicable for each category of excise products.

Categories of products subject to excise duty in Albania are:

- Fossil products (e.g. petroleum, gasoil, gas)
- Tobacco products (e.g. tobacco, cigarettes)
- Alcohol and alcoholic beverages (e.g. beer, wine, spirits)
- Other products (e.g. baked coffee, energy drinks, fireworks)

5.4.3. Local taxes

5.4.3.1 Real estate tax

All physical persons and legal entities, whether local or foreign, who own a real estate property in Albania, are subject to real estate tax. Real estate tax is applicable for:

Building

The real estate tax is calculated based on the activity of the business entity owning the building. The tax base is the value of the building, calculated in accordance with the methodology and procedures established by the decision of the Council of Ministers. The real estate tax is applied as a percentage of the tax base based on the value of the building, as provided below:

- 0.05% for residential buildings;
- 0.2% for buildings used for economic activity;
- 30% of the respective tax rate for the entire construction site, for which the developer is equipped with a construction permit and failed to complete it according to the deadline set in the construction permit.

Incentives for Science and Technological Parks and TEDA's

- The users operating in a Science and Technological Park according to Law No. 58/2022 "For the creation, organization and operation of the technological and scientific parks" are exempted from real estate tax for a 10 years period for the buildings into the park.
- Buildings in TEDAs are exempted from real estate taxes for a period of 5 years

Agricultural land

The tax is levied on each hectare owned and varies depending on the district it is located and the land productivity

categorization. It varies on an annual basis from ALL 700 to ALL 5,600 per hectare.

Land

The tax amount calculated is based on surface area and varies depending on the district where the building is located and the purpose of its use (household or business). It is calculated as a fixed value per square meter and varies on an annual basis from ALL 0.14 to ALL 0.56 per m^2 for households and from ALL 12 to ALL 20 per m^2 for businesses.

5.4.3.2. City tax

The basis for calculating the city tax on hotel accommodation is the number of nights spent in the hotel. The tax rate is a fixed value per night of stay depending on the designated zone (Tirana vs. other regions) where the hotel is located and the quality of the hotel, for which the number of stars is used as a proxy. The rates range from ALL 35 to ALL 350 per night.

5.4.3.3. Tax for impact on infrastructure from new construction

Tax is levied on the value of new investment. The tax base is the new investment's value or the sale price per square meter of the project.

The infrastructure tax on new residence or business units varies from 4% to 8% of the sale price of such units. The infrastructure tax on the other constructions (such as touristic, industrial and public constructions) is calculated over the value of the investment at the rate of 1% to 3% (except for Tirana where the tax is 2% to 4%). The local municipality determines the actual rate.

Exceptionally, for infrastructure projects such as the construction of national roads, ports, airports, tunnels, dams or energy infrastructure, the tax is 0.1% of the investment value. The investment includes the value of equipment and machinery for such a project.

The tax paid should be not less than the cost of rehabilitation of the damaged infrastructure

Incentives for tax on impact in infrastructure

- Developer and users operating in Science and Technological Park according to Law No. 58/2022 "For the creation, organization and operation of the technological and scientific parks" are exempted from tax for impact on infrastructure.
- "Five-star hotel, with Special Status" as well as Entities carrying out hosting activities certified as agritourism, according to the legislation in force in the field of tourism, are exempt from tax for impact on infrastructure.
- TEDA's developer is exempted from tax for impact on infrastructure.

5.4.3.4 Tax on transfer of ownership rights for real estate

This tax applies in the event of the transfer of ownership title to all real estate properties. It is payable by the person who transfers the ownership title.

The tax on transfer of ownership rights for real estate ranges from ALL 100 to ALL 2,000 per m^2.

For other kinds of real estate, other than buildings, the transfer tax is defined as 2% of the reference sales price.

Incentives for tax on transfer of ownership rights for real estate

Buildings transferred to a TEDA are not subject to the transfer tax on real estate.

5.4.3.5. Advertisement tax

The advertisement tax varies depending on the surface size of the advertisement and the purpose of its exhibition. The tax can vary from 0 (for taxpayers whose annual turnover is less than ALL 2 million) to ALL 90,000 (electronic advertisement) per m^2 annually.

5.4.3.6. Temporary tax on educational infrastructure

Families, individuals and juridical persons, local or foreign, who live and conduct economic activity within the territory of the municipality of Tirana are subject to temporary tax on educational infrastructure. For companies, the tax ranges from ALL 4,000 to ALL 37,000 per year depending on the economic activity and turnover of the company. This temporary tax is applicable for a seven-year period.

5.4.3.7. Tariffs for the use of public areas

This tariff is paid for the use of public areas for commercial purposes and is based on the surface area of the occupied space and the location of the area. It is calculated as a monthly obligation of the taxpayer. In Tirana, the tariff for the use of public areas is uniform within any particular geographic designation in the district, irrespective of the type of activity performed. The tax varies on a monthly basis between ALL 200 to ALL 1,500 per m^2.

5.4.3.8. Tariffs for cleaning and waste removal

All physical persons and legal entities whether local or foreign who live and conduct business activity within the territory of the municipality of Tirana, are subject to cleaning and waste removal tariffs. For businesses the tariff depends on the business activity they perform and their annual turnover, and varies from ALL 3,500 to ALL 450,000 per year.

06. FINANCIAL REPORTING

6.1. Financial statements

All entities registered in the Republic of Albania, including financial institutions, regardless of their legal form or any specific legal requirements applicable by regulators, are subject to Law No. 25/2018 "On Accounting and Financial Statements" effective from 1 January 2019, which is partly harmonized with the EU Accounting Directive 2013/34/EU and Directive 2014/95/EU "On Non-Financial Reporting".

The National Accounting Standards (NAS) issued by the National Accounting Council, as revised and improved in 2015, and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (translated into Albanian by the National Accounting Council), are the two financial reporting frameworks used.

Entities should generally apply NAS in preparing financial statements unless they fall into one of the categories listed below, in which case they must adopt IFRS.

- Companies listed in stock exchange and their branches/affiliates, subject to consolidation of accounts;
- Second-tier banks, financial institutions similar to banks, insurance and reinsurance companies, securities funds and all companies licensed to perform investment activity in securities, even if they are not stock listed companies; and
- Large unlisted entities as defined by the Albanian legislation.

However, IAS/IFRSs are applicable also to other business entities which in the last two years meet both the following two conditions simultaneously:

- Annual turnover is over ALL 1.25 billion; and
- Average number of employees is higher than 100.

Entities that do not fall under the above categories apply the National Accounting Standard (NAS). The revised NAS are largely based on the IFRS for SMEs.

6.2. Statutory audit

Based on Law No. 10091, dated 05.03.2009 "On the Statutory Audit and the Organization of the Registered Chartered Auditor and Approved Accountant", as amended with laws 10297, dated 8 July 2010 and 47/2016, the audit of the annual financial statements by chartered individual auditors or auditing companies is mandatory for:

a. Companies that apply the IFRS, irrespective of their legal form;

b. Joint stock companies that apply the National Accounting Standards for financial reporting;

c. Limited liability companies, which implement national accounting standards for financial reporting and at the end of the accounting period, exceed at least two of the following indicators:
   - the total assets are equal to or greater than ALL 50 million;
   - the annual turnover is equal to or exceeds ALL 100 million; and
   - The average annual number of employees is 30.

The external auditor is appointed on an annual basis upon a decision of the general meeting of shareholders of both limited liability companies and joint stock companies. The companies that apply the IFRS and the joint stock companies indicated above are obliged to appoint at least two auditors when they exercise the professional activity as individuals. Financial Statements are audited in accordance with International Standards on Auditing (ISA), as issued by the International Audit and Assurance Standards Board (IAASB). The statutory auditor is rotated after a maximum period of seven consecutive years with a minimum of two years cooling-off period. The statutory auditor is subject to the supervision of the Public Oversight Board (POB) and the Institute of Authorized Chartered Auditors of Albania (IEKA).

Public Interest Entities (PIE) are required to establish an audit committee, responsible for the monitoring of the internal control environment of the entity, as well as the independence of the statutory auditor and the audit firm. PIE includes listed entities, commercial banks, insurance companies, fund companies and investment and pension funds, as well as any other entity determined by separate decision of the Council of Ministers. Appointment of the statutory auditor and the audit firm by banks and insurance companies is subject to the pre-approval of the Bank of Albania and the Albanian Financial Supervisory Authority.



07. FISCALIZATION AND E-INVOICING

Since 2021, Albania has enforced the use of e-invoices in all business-to-business and business-to-government transactions. It includes real-time reporting of both cash and non-cash invoices to the tax administration central system.

Exemptions from the obligation to issue electronic invoices are provided in the following cases:

- Agricultural producers,
- Sales of tickets in vehicles used for public transport; and
- Ambulatory traders.
- Taxpayers making supplies that qualify for a VAT exemption under the law on VAT

08. TRADE AND CUSTOMS REGIME

Pursuant to the Albanian Custom Code the importation of goods can be performed under the following entry regimes:

- Release for Free Circulation;
- Customs Warehousing;
- Temporary Admission;
- Inward Processing; and
- Processing Under Customs Control.

Imported goods can be removed from Custom's control once duties, fees and taxes on the importation are paid.

Free circulation

Placing in free circulation regime provides as permanent placing of goods in the territory of Albania. Products set under such regime are subject to all trade policy measures, such as VAT, custom duties and other related payments. Goods placed in free circulation, with a level of reduction or zero import duty, due to their particular/special use, will remain under customs supervision. This supervision shall end when the conditions for the level of reduction or zero rate of duty cease to exist, when goods are exported or destroyed, or when goods are used for purposes other than those provided for the implementation of level reduction or zero rate of duty, provided that the relevant obligations are paid.

Free Circulation Customs document submitted for free circulation entry is the SAD – Single Administrative Document – IM 4. The SAD – IM 4 with all 3 customs stamps is the proof of final clearance. A clearance attestation is also issued at the time of clearance. Customs requires that each free circulation entry be supported by the following general documentation:

- Commercial Invoice (pro-forma if commercial not available);
- Certificate of Origin;
- Packing List; and
- Bill of Lading, AWB, or CMR.

As far as Temporary Permit Regime is concerned the latter enables into the customs territory of the Republic of Albania the total or partial relief from import duties and without their being subject to commercial policy measures, to non-Albanian goods intended for re-export without having undergone any change except depreciation due to their use.

Temporary admission regime

Temporary Regime Customs document submitted for temporary entry including general documentation entry is SAD - Single Administrative Document – IM 5.

There are defined time periods (normally one year but it can be extended upon application) that the goods may stay within the country, and there are defined uses that can occur. A failure to export or destroy the merchandise during the allowed time period or using the goods for a prohibited purpose subjects the company to original duties, taxes, and fees plus a special assessment, which can include interest, fines and penalties.

In accordance with the article 22 of the VAT Law, the place of importation of goods is in the Republic of Albania if goods originating from other territories are released for free circulation in the customs territory of Albania, it is excluded from the above goods subject to any of the regimes (temporary importation regime or transit regime) the place of importation of which is in the Republic of Albania if the goods are released by the regimes mentioned herein.

Inward/Outward processing regime

Inward processing Regime refers to a customs procedure where goods imported in Albania, or of Albanian origin, are manufactured or processed and then re-exported from Albania in the form of compensating product. This regime allows producers to import raw materials or semi-processed products exempt fully or partially from customs duties, and to manufacture/process and re-export the finished compensating products. The original imported product may or may not be distinguishable from the finished product.

The outward processing regime applies to Albanian goods temporarily exported from the country for being processed outside the country and re-imported in the form of compensating products, into the territory of Albania. The re-imported compensating products will be released for free circulation fully or partially exempted from import duties.

Processing under customs controls

The regime of processing of goods under customs control allows the import of non-Albanian goods exempted from custom duties; their utilization in operations that cause alteration of their nature, and then placement in free circulation of the products obtained as a result of these operations, once the relevant import duties have been fulfilled.



09. FOREIGN INVESTMENT

No. 7764 dated 02.11.1993 "On foreign investments", as amended is the main piece of legislation that addresses FDI and aims to create a hospitable foreign investment climate. The law provides guarantees to all foreigners willing to invest in Albania and stipulates that no prior government authorization is applied to foreign investors and no sector is closed to foreign investment. Foreign investments may not be expropriated or nationalized directly or indirectly and will not be subject to any measure or similar action, except for public interest, as provided by the law There is no limitation on the percentage share of foreign participation in companies – 100% foreign ownership is possible. There are no restrictions on the purchase of private residential properties. The Law also sets forth criteria when state would grant special protection to foreign investors involved in property dispute, providing additional guarantees over domestic investors for investments of more than € 10 million.

To boost investments in strategic sectors, the Parliament approved Law No. 55/2015, dated 28.05.2015 "On Strategic Investments in the Republic of Albania" in May 2015 ("Law on Strategic Investments"). The new legal package on strategic investments increases the contractual and judicial security to foreign and domestic entrepreneurs and provides a fast track for implementation of strategic investments projects. This law has defined six strategic sectors with an investment plan and a relevant fund enabling several incentives for new enterprises. The strategic sectors include mining, transport, infrastructure, tourism, agriculture, economic zones, and those regarded with priority.

Incentives/Advantages provided to foreign investments

Law No. 7764 dated 02.11.1993 "On foreign investments", as amended:

- No prior authorization is needed for foreign investment. No sector restrictions apply specifically to foreign investors;
- There is no limit on the quota/share of foreign investors in a company (100% foreign ownership is possible);
- Foreign investors are allowed to purchase private residential properties. Foreign investors cannot purchase agricultural land, which can only be leased for up to 99 years;
- Foreign investments may not be expropriated or nationalized directly or indirectly, with exception to special cases when this falls within public interest and in accordance with the law;
- Foreign investments will be treated in a nondiscriminatory manner and paid immediately, in a fair and effective manner, in accordance with the law;
- Foreign investors have the right to expatriate all funds and contributions in kind;
- Commercial property may be purchased, but only if the proposed investment is worth

  three times the price of the land.

Law No. 55/2015 "On strategic investments":

- The law considers strategic investment any private, public or public-private investments in Energy, Mining, Transport, telecommunications, infrastructure and urban waste, tourism, agriculture, fisheries, TEDAs.
- Clear procedures for the investors to facilitate and expedite their administrative procedures. AIDA is the responsible institution for providing administrative services to investors through the "single window" concept. AIDA performs the role of the supporting agent – administrative procedures till the realization of the investment project, through one of the following procedures "assisted procedure" or "special procedure".
- One of the main criteria in the selection of the investor/strategic investment is the investment value

which based on the strategic sector varies from € 1 Million to € 50 Million, as well as the new jobs created by the investors

Law No. 9789 dated 19.07.2007 "On the establishment and operation of technological and economic development areas" (TEDA), as amended:.

- Government services in a "single window" for TEDA developers and users;
- Imported goods in TEDAs are exempted from import duties and VAT;
- Albanian goods that enter TEDAs are VAT exempted;
- Goods can be transported from one TEDA to another without paying import duties or VAT;
- Capital expenses are 20% deductible for a period of two years if developers and users invest in TEDA within three years of its operation;
- Developers and users are also exempted from 50% of the profit tax rate for a period of five years;
- A developer's project is exempted from infrastructure taxes;
- Buildings in TEDAs are exempted from real estate taxes for a period of five years;
- Buildings transferred to a TEDA are not subject to the transfer tax on real estate;
- Wages and social costs are 150% deductible for the first year and new expenses for wages and social costs compared to the previous year are 150% deductible for the subsequent years;
- Training costs are 200% deductible for a period of ten years;
- Research and Development costs are 200% deductible for a period of ten years.

Detailed support measures applicable to strategic investments

Support with infrastructure

The State may support approved strategic investments with assistive infrastructure for purposes of project preparation, implementation and investment execution, such as roads, water supply and sanitation systems, electricity and telecommunications.

The Ministry of Economy shall review and verify the needs and requests for assistive infrastructure, and make cost estimates for its building, which must not be disproportionately high relative to the amount and significance of the strategic investment project. The assistive infrastructure support shall be approved by a decision of the Strategic Investment Committee, and shall be notified to the company in writing.

Use of government assets for strategic investment

Building land, forests, agricultural land and other immovable property owned by the Albanian State may also be made available in order to facilitate the development and execution of strategic investment projects. The method and form of making the immovable property available for the development and execution of strategic investment projects shall be regulated by other specific legislation in force in Albania.

Expropriation for public interest

To enable the development and execution of strategic investment projects that have obtained the status "Strategic Investment/Company, Special Procedure", due to works and infrastructure support services, they may benefit from expropriation for public interest of privately owned immovable property if the company has not been able to resolve ownership of immovable property by agreement with the owner of immovable property, after the company has previously made efforts through instruments facilitating access to land by the

company and or resettlement by the state.

Procedures for signing an agreement with the land-owners:

To reach an agreement with the owners, the strategic companies have the right to request assistance and support from the Albanian Investment Development Agency in relation to:

- The collection of information from Immovable Property Registration Offices;
- The assistance by and presence of the Agency representatives in the preliminary consultations and meetings;
- The preliminary information on immovable property value. The Agency shall support the strategic companies by providing them with the requested information and data through the inter-institutional assistance with the relevant bodies, and it may participate in the meetings between companies and owners.

The Agency monitors the company observance of procedures to reach an agreement with the owners, by checking the information and documents that company submits in relation to this procedure.

Only in cases where a company has documented the completion of the procedures to reach agreements with the private immovable property owners, and no agreement with the owners has been achieved within a time-limit of 90 days from the first meeting, the expropriation may go ahead, in accordance with the procedures laid down under Albanian legislation on expropriations.

Right to using shores and banks

In special cases the company`s rights on sea sides, lakeshores, river banks and river beds and the respective areas for purposes of executing a strategic investment project, shall be approved by a special Decree of the Council of Ministers with a proposal from the Strategic Investment Committee, after receiving prior opinion from the institutions whose area of responsibility covers those sectors.

Immovable Property Fund for the Support of Strategic Investment

The Immovable Property Fund for the Support of Strategic Investments shall be established in the context of providing Government support for the execution of the strategic investments. The method of establishment, operation, and management of the Fund for the purpose of making available state-owned immovable property owned by central institutions or local government units shall be approved by a Council of Ministers' Decree.



10. EMPLOYMENT

Employment contracts

As defined in the Albanian Labor Code, the employment contract is an agreement entered into between the employer and the employee that sets out their respective rights and obligations. The employment contracts may be either oral or written, and it may only be changed with the agreement of both parties. Any change to the written contract to the detriment of the employee should be concluded in writing.

The following are the different types of employment contracts:

- Definite term contract;
- Indefinite term contract;
- Collective contract;
- Part-time employment contract;
- Domestic employment contract;
- Probationary contract.

A written employment contract must contain the following details:

- The identity of the parties
- The place of work
- A general description of work
- Date of commencement of work
- In the case of a fixed-term contract, its duration
- The amount of paid leave
- Period of notice for terminating the contract
- Components of remuneration and its payment date
- Hours of the normal working week
- The collective agreement in force

Termination of employment contract:

According to the Labor Code, employment contracts can be terminated only by the following rules:

- Mutual consent;
- Expiry of the term (in case of definite term contracts);
- Objective reasons beyond the control of parties (death, serious illness of the employee, etc.);
- Unilaterally upon prior written notice of either the employee or the employer (provided that respective causes and a precise dismissal procedure are present);
- Disciplinary dismissal.

Working hours

The Labor Code defines working time as the period during which the employee is at the employer's disposal. The code also ensures that every employee is entitled to:

- A minimum daily rest period of 11 consecutive hours per 24-hour period
- A rest break, where the working day is longer than six hours
- A minimum uninterrupted rest period of 24 hours for each week

- The normal weekly working time of 40 hours (50 hours if overtime is included)
- Paid annual leave of at least four weeks

Labor protection



The Albanian legislation requires employers to meet a variety of social rules contributing to the protection of employees at work. The Labor Code sets out employees' rights in relation to non-discrimination (on the grounds of race, color, gender, age, religion or belief, political convictions, national or social origin, family connections, physical or mental disability, which prejudices the individual's right to equal employment or treatment), gender equality in the workplace (employers must treat men and women equally, particularly as regards access to employment, working conditions, promotion and pay), health and safety at work (Employers are responsible for providing a safe and healthy working environment for workers), maternity leave (Albanian labor law provides protection for female employees during pregnancy time and maternity leave. The employer must guarantee facilities for them during the work hours, by providing special work conditions, work permit 35 days before giving birth and 42 days thereafter, protection against dismissal, etc. During pregnancy and maternity leave, female employees are protected by measures such as breaks during working hours, special working conditions, and a complete ban on working, prohibition of night work), harassment, etc. Employers who breach these obligations face penalties.

The Labor Code lays down rules regarding the protection of safety and health of workers. These include general principles concerning the implementation of preventive measures to guard against accidents at work and occupational diseases, consultation, balanced participation and training of workers and their representatives.

Termination notice period

The employer and the employee must respect the date of the termination notice period. The notice on the termination of work or contract varies depending on the seniority of the employee. If the employee has been working no more than a month in a company, the termination notice period is one month, two for two to five years of work, and three months for more than five years of work. During the probation period, each party may terminate the contract by notifying the other party at least five days in advance. Where employment relations are terminated due to factors not attributable to him or her, the employee is entitled to a seniority bonus and a compensation for untaken leave and unpaid wages.

In case of accidents, employers are obliged to:

- Immediately notify the Inspectorate on all the accidents at work and professional diseases;
- Provide the Inspectorate with all the necessary data related to the implementation of labor legislation;
- Report to the Inspectorate, on a yearly basis, on the number of employees and the address of activity;
- In case of accidents or other issues at the workplace, the Inspectorate at first will issue a warning (if it's necessary). If the problem is not solved after the warning, the Inspectorate may impose a fine (Inspectorate may impose a fine on the employer even without issuing a warning, depending on the case).

The Inspectorate also has the competence to order the suspension of work, if the workplace doesn't meet the required standards, provided by Albanian Labor Code.

Entrance and staying of foreigners in Albania

The main legal piece governing matters of foreign citizens entering, staying, working and leaving in/from Albania is Law No. 79/2021 "On foreigners".

Foreigners who request to enter the Albanian territory shall obtain visas from the Ministry of Foreign Affairs through diplomatic or consular offices of the Republic of Albania abroad or third countries representative offices according to bilateral or multilateral agreements, by stamping the visas on the travelling document or printing the approved electronic visas to allow their entry in Albania. The procedure for obtaining an entry visa does not take longer than 15 days from the application date and in exceptional cases it may take up to 30 days. Under exceptional circumstances, the entry visas can also be obtained at Albania's entry border but its validity will not exceed 15 days duration.

Foreigners have the right to entry, to pass transit and to exit from and out of the Albanian territory only when they possess:

- a passport with validity at least 3 months before its expiry date;
- entry visas or residence permit delivered by the Albanian competent authorities or issued by other countries and recognized by the Republic of Albania.
- as appropriate, they may be required to submit additional documents.

Visa types

Nr	Types of visas	Purpose	Type	Number of entries	Duration of stay
1	With validity up to 6 months	Transit	A	multiple	Transit (airport area)
2	With validity up to 5 years	Stay	C	1+	90 days within 180 days
3	Long-term (1 year)	Stay	D	1+	Up to 180 days

The foreigner applying for a visa, according to the particular form, submits it to the Albanian diplomatic representations abroad or through online application with the online visa website https://e-visa.al/.



11. RESIDENCY PERMIT

11.1. Residence permit general information

Foreigners who wish to reside in Albania temporarily or permanently must obtain a residence permit. A residence permit is an authorization granted by the competent authorities for citizens who wish to stay more than 90 days in Albania. There are different types of residence permits based on the motive of residence demand. Residence permits are generally granted for purposes of family reunion, education, training, scientific research, au pairs, youth exchange, humanitarian cases, traffic victim's rehabilitation, statelessness, while unique residence permits are granted for business and working purposes, including but not limited to domestic employment, self-employment, seasonal work, transfers within company, cross border regional work, vocational training, athletics, voluntary services, highly qualified experts, digital nomads, investors, and contract services. Residence permits are also granted for vessels crew, owners of real estate situated in Albania, and pensioners who satisfy certain conditions provided by law.

Residence permits can only be issued to foreigners who have entered Albania with a type D visa or under a visa-free regime.

Foreigners that apply for residence permits in Albania are provided with residence permit of 3 months, 6 months or 1-year validity, the latter may be renewed up to 5 consequent times, except for the permits of 2 years validity, which may be renewed only once or permits of 5-year validity which may be renewed according to the law.

If the foreigner has legally resided for 5 consecutive years in Albania or has sustainable ties or activities in the country, he is granted a permanent residence permit.

First-time residence permit may not be exceeding 1-year duration.

The residence permit application or its renewal shall be deposited online by the applicant with the competent migration sectors/offices within 30 days as of entry in Albania and 60 days prior to the termination of the existing residence permit. The application must be accompanied by a set of documents providing evidence for the information disclosed in the application.

Residence permit can also be granted for family reunion to members of the family of a foreigner who has been granted a residence permit of at least 1-year validity however certain conditions must be met, as provided by law.



11.2. Approval of foreigners' employment

The legal procedure that enables employment of foreigners in Albania follows these steps:

- The local employer declares the vacant work position describing the criteria met by the applicant. The application is done through https://e-albania.al/ website and a minimum term of 7 (seven) days is allocated for possible applications by Albanian citizens (who in principle are given precedence).

- After expiration of the above term, the applicant must apply for a unique a residence permit within the system. Application for a unique permit implies instant upload of the documents for the employment approval, type D Visa and Residence Permit. Citizens of EU, Schengen Area, USA, etc. receive an unlimited exemption term from work permit for as long as the foreign citizen works at the same work, while in case of citizens of other states, they receive only approval of work of one year. As per the latest practice the applicant does not receive any notification/E-mail on the status of the application, but only through search on application status it can be confirmed. Under the law, the application on approval of work is reviewed within seven days, a term that is also usually met in practice;

- Once the labor approval is received, the system produces a visa payment format. The payment is made via bank transfer and payment confirmation is uploaded with the online visa website https://e-visa.al/. The procedure on approval of the visa takes from 15 to 30 days and the work visa allows the bearer to stay 90 days in 180 days and latest visas are issued usually with a 6 months term. Citizens of EU, Schengen Area, Western Balkan Countries, USA, etc., are exempted from visa request and immediately apply for residence permit;

- Within 30 days of entry in Albania, the foreign citizen needs to physically deposit all documents for residence permit and the respective payment with the border and immigration authorities. After physical application, a provisional permit is issued to allow the foreign citizen to stay in Albania during the term of review of its application. Under the law, the application for residence permit is reviewed within a term of 4 to 12 weeks of application. After approval of residence permit the foreign citizen needs to register with the civil registry of foreigners and also apply for ID card for foreigners, which is produced roughly after two weeks of application.

To be considered the applicant must be personally present at the moment of application and of receiving the residence permit with the police authorities.

Furthermore, approval of work is not needed in case of nomad IT workers who prove that they work via online means and can sustain themselves.

The law does not make distinctions among managerial and common working positions and thus all foreign employees shall comply with the same criteria for obtaining a work permit.



11.3. State assistance

The Law "On Encouragement of Employment" guarantees that unemployed people receive all the required assistance according to their demand for employment. A foreigner who has been granted a residence permit has the same rights as unemployed Albanian nationals. Employment services activities include: information on job vacancies, employment intermediation and also counseling and guide to employment and occupation. The state shall establish and maintain separate organizations that provide free employment services across the country.

11.4. Trade union rights

Foreigners, after obtaining the residence permit, have the right to organize themselves in compliance with the labor laws in the same way these laws apply to Albanian citizens.

The freedom of association is protected by law and no one has the right to condition the employment of an immigrant worker or his family member with the fact of being or not a member of a trade union. In addition, the rights of immigrant laborers and their family members cannot be violated due to their non-participation or association with a trade union organization. Among all the rights of a foreign employee the Albanian Labor Code emphasizes his right to termination of an employment contract, as well as being a member of the trade unions. The foreigner has also the right to strike or to sue his employer if his contractual rights are violated.

11.5 Social security protection for foreign workers in Albania

Albanian social security scheme is based on the principles of residence. If the foreigners working in Albania don't have greater benefits from their countries of origin, or when there is no bilateral agreement between Albania and their country of origin, the foreigners employed in Albania shall receive the same amount of social security protection as Albanian employees do. The law "On Social Security" introduced an obligatory, public and social insurance system with universal coverage, and also a special scheme of voluntary and supplementary social security's, as well.

The public obligatory scheme is the Albanian first tier, covering those people employed in the public and private sectors and those self-employed in the urban and rural areas, provided that they have contributed to the scheme for a predefined amount of time.

Special pension regulations are provided for government officials and the uniformed services, but also for miners, pilots and merchant marine seamen. Those who have reached the pension eligibility age but do not qualify for pension for other reasons are granted social allowance paid from the state budget. Social security scheme offers protection also to those employees affected by diseases or that have been subjects to injuries during the work.

ii. Albanian voluntary pension system consists of institutions of supplementary private pensions as given by the Law "On Voluntary Pension Funds". The operation of this scheme is aimed at the achievement of two major goals:

- To provide supplementary pensions;
- To provide for better provisions of pensions than those offered from the obligatory scheme.

The institutions of this tier are gradually increasing their activity.

The period of coverage under social insurances starts on the day when a person has legally started an economic activity and it ends on the date when such activity ends legally. The period of coverage under voluntary social insurance begins on the date specified in the insurance contract and it ends on the date of the termination of such contract.



12. TOURISM

Albania has been actively working on developing its tourism sector, and the regulatory environment reflects this effort. Regulation governing tourism in Albania cover areas such as accommodation standards, touristic operator licensing, environmental protection, safety standards, and cultural preservation. The government has also been promoting sustainable tourism practices to ensure the long-term viability of the industry.

The Law No. 93/2015 "On Tourism", as amended, offers various incentives to investors in the tourism sector, with a strategic goal to improve quality and raise standards based on the investment value, as a result making Albania more competitive in the region in terms of investments. The current legal framework aims to turn Albania into one of the most attractive destinations in the Mediterranean.

Investors seeking to develop touristic resorts are encouraged by permitting them to use state owned land through the new concession politics. Any real estate owned by the state or the local authority is transferred under the administration of the Ministry of Tourism within two months after the area has been declared as "a priority area for the development of tourism". The Ministry of Tourism is entitled to give possession of such properties to private investors for investments purposes, by applying favorable lease schemes for a period up to 99 years.

Following the approval of DCM (Decision of Council of Ministers) No. 730 Date 20.10.2016 "For the adoption of the regulation on conditions, criteria, tariffs, deadlines and procedures for the classification of accommodation structures" a new standardization has been put into place allowing a more structured Hotel and Resort market not only to be implemented but also to offer more securities for foreign investments.

Starting from 01.01.2018 there are introduced some significant changes to the main taxes applicable for "Four- and five-stars hotels, with special status":

- Additions and amendments to the Law no. 8438, dated 28.12.1998 "On income tax" in Albania - starting from 01.01.2018, accommodation facilities "Four and five stars hotels, with special status" holders of an internationally recognized and registered trademark (brand name), based on the definitions of the legislation on tourism, are exempted from corporate income tax for a period of 10 years starting from the commencement of activity, but no later than 3 years from the moment of obtaining the special status. This exemption is granted for the "Four- and five-stars hotels, with special status" which will obtain this status until December 2024.

- Additions and amendments to the Law no. 92/2014 "On value added tax" - starting from 01.01.2018 all supplies of services performed within the accommodation facilities "Five stars hotels/resorts, with special status" holders of an internationally recognized and registered trademark (brand name) are subject to a reduced VAT rate of 6%.

- Additions and amendments to Law no. 9632, dated 30.01.2006 "On local taxes" - Exemptions from the tax of buildings accommodation facilities - "Five stars hotels, with special status" as per the definition provided in the legislation on tourism, holders of an internationally recognized and registered trademark (brand name).

- Additions and amendments to Law no. 9632, dated 30.01.2006 "On local taxes" - Exemptions from tax of impact on infrastructure

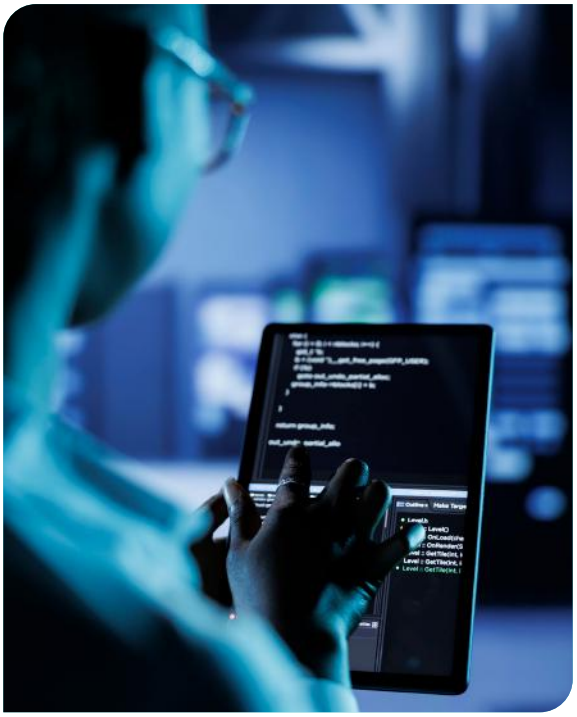


Investments made in relation to construction of accommodation facilities "Five-star hotels, with special status" pursuant to the definition provided in the legislation in force on tourism and holders of an internationally recognized and registered trademark (brand name) will be exempt from the tax of impact on infrastructure.

Under the current Albanian legislation in force tourism agency activities can be exercised only by duly licensed businesses. The Law No. 93/2015 "On tourism", as amended, require tourism agencies, tourism operators and transportation agencies to be licensed to duly exercise the activity.

DCM No. 709/2016 "On approval of the regulation "On the requests and criteria to exercise travel agency activity" and DCM 692/2016 "On the approval of the regulation "The criteria for the provision of a certificate for the exercise of the activity of the tourist guide, their duties, responsibilities and code of ethics", provide the rules and criteria to receive the license of travel agency and tourist guide. Both licenses are issued by the ministry responsible for tourism after the applicant receives proper training by authorized institutions.

Law No. 8308/1998 "On road transport", as amended and subsequent legislation provide the legal framework regulating the transport agency activity for travelers and tourists. Any business that aims to exercise such activity must be licensed for this purpose.



13. ICT, DATA PROTECTION AND CYBERSECURITY

Albania's ecosystem for information and communication technology ("ICT") has seen major developments. Innovation strategies brought forward in the ambit of European Union enlargement process have fostered policy reform, particularly in the ICT sector. The public information published by government agencies show high internet penetration and fixed line connectivity, the highest level of mobile phone penetration in the region, almost 63% of the population having 3G/4G broadband access and more than 50% of families having fixed broadband access, and more than 97% of all enterprises having internet access. Currently, there are only two major operators of mobile telecommunications: Vodafone and One, while several other internet service providers on national and local level scales.

The country has developed a modern digital government services platform e-albania that provides almost 95% of public services online, from online applications for public services, to online payment of taxes, currently there are 1.237 electronic services provided at e-albania platform. According to the Albania Digital Agenda 2022-2026, the digital transformation of the government system shall continue to innovate including the implementation of blockchain technology for the state database within 2024, development and use of cloud computing infrastructure, and also to expand to additional innovative public services, while ensuring the safety of data and protocols, transparency and reliability of processes, in compliance with the best international standards.

In the last two years, Albania suffered massive cyberattacks on its computerized public and private infrastructure, wreaking havoc on national security. While the country had passed laws and regulations to ensure safety of government portals, citizens' personal data, and electronic communications, the cyberwar led the country to revisit the cyber security systems and legislation to strengthen the capacities of defense against cyber threats. Ultimately, the Albanian Parliament passed a new Law no. 25/2024 "On Cybersecurity", aligned with EU Acquis.

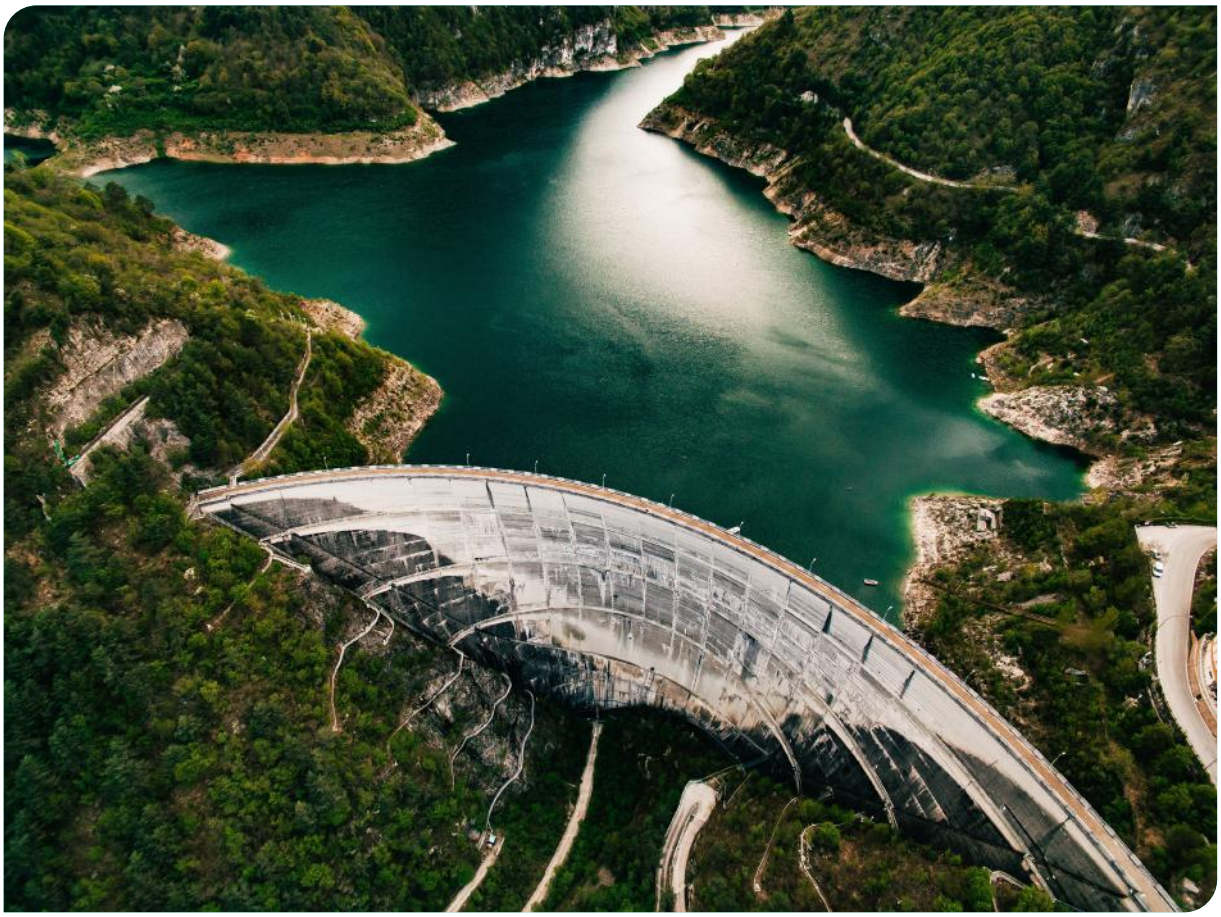
The regulatory environment for ICT covers various aspects such as electronic communication and services, data protection, cybersecurity, and internet regulations. Data protection is regulated

under the Law no. 9887/2008, which is partially aligned with EU Acquis but still not fully transposing the GDPR rules of the EU. Processing of personal data shall respect and guarantee the human rights embedded in the Albanian Constitution and the European Convention of Human Rights. The law imposes severe sanctions for breach of data privacy by data controllers and data processors. Data protection in Albania still remains a realm of concern with large scale breach scandals having occurred in political contexts in the past.

The Law no.43/2023 "On Electronic Governance", as amended, sets forth the rules for the organization, functioning and management of the information systems infrastructure, the provision of electronic services and electronic documents. The National Agency of Information Society is the central authority that creates, develops and manages the service systems and infrastructures. Electronic services infrastructure includes the government portal e-Albania, the national registry of databases and the registry of databases services, the government datacenter, the disaster recovery center, the business continuity center, the backup center, the government net Govnet, management of digital certificates for both public and private users, the electronic payments system within the government portal e-Albania, the management system for electronic documents, the system of digitally sealed documents, the system e-Rezidenca which is the online system used by foreigners to register as remote residents in Albania with virtual ID for purpose of conducting remote business activity in Albania or digital nomads.

The electronic administrative documents which have been obtained through electronic communication from the state database, signed and/or sealed digitally have equal probative value and are valid likewise any other official administrative document.

The Law no.9880/2008, "On Digital Signature", as amended, has established the necessary legal framework for the use of digital signature by both public and private sector. While the use of digital signature is voluntary, its use is restricted in several circumstances, particularly for transactions executed in front of Public Notaries. Digital signatures are certified by registered qualified service providers. Services provided by foreign service providers accredited in EU countries have equal probative value and are valid likewise local service providers registered and operating in Albania.



14. ENERGY

The Albanian energy sector has been developing rapidly to adapt to the evolving domestic market needs, integration with the regional and European electricity market and to safeguard the energy security of the country.

The law no. 43/2015, "On the Electric Power Sector", as amended, is the primary legislation that regulates the power sector. The power sector is modeled in harmony with the guidelines and regulations of the Energy Community and is fully aligned with Directive 2009/72/EC of the European Parliament and the Council, dated 13 July 2009. Albania is a member of the Energy Community Treaty.

Main important laws and regulations:

- Law no. 43/2015 "On Power Sector"
- By-laws adopted by ERE such as: Albanian Market Rules; Transmission Code; Metering Code etc.
- ERE's Rules of Practice and Procedure
- Rules and Procedure on Certification of Electricity Generation from Renewable Sources
- Law no.125/2013, dated 25.04.2013 "On concessions and Public-Private Partnership," as amended with law no. 88/2014, dated 17.07.2014 and law no.77/2015, dated 16.07.2015 and Law No. 50/2019, dated 18.07.2019
- Decision of Council of Ministers No 822 of 7.10.2015 "On the Approval of Rules and Procedures for the Construction of New Power Generation Capacities of Electricity - which are not subject to Concessions and a Competitive Bidding Process" (HPPs under 2 MW), as amended
- Law no. 55/2015, dated 28.05.2015 "On Strategic Investments in the Republic of Albania", as amended
- Law no. 111/2012, dated 15.12.2012 "On Integrated Water Resource Management", as amended
- Law no. 24/2023, dated 23.03.2023 "On Promotion of Energy Use from Renewable Sources"
- Law no. 124/2015, dated 12.11.2015 "On Energy Efficiency", as amended
- Law no. 116/2016, dated 10.11.2016 "On Energy Efficiency of Buildings"

The Albanian Market Model is designed according to the requirements of the Energy Community Treaty for the establishment of the regional electric power market that was ratified by the Parliament of Albania in 2006. In accordance with the obligations of the Energy Community Treaty, Albania is committed to the implementation of the third energy package that was approved by the Council of Ministers of this Treaty, in 2011.

Albania is also committed at the Vienna Summit, on 27 August 2015, to implement a series of short-term measures, in the framework of the Berlin process (Western Balkans 6). Market model aims at supporting the implementation of the commitments undertaken in the framework of the law no. 43/2015, "On the Electric Power Sector", and the relevant regulations. Albanian Market Model is characterized as a wholesale market, based on bilateral transactions and contracts concluded between two market participants outside the power exchange (Over the Counter -OTC) or as an organized market of day-ahead and intraday market, organized through the APEX- power exchange.

The legal framework concerning the energy market is set to regulate the main aspects of the energy sector such as:

- Opening, organization and functioning of a competitive electricity market
- Participation in the electricity market
- Granting of authorizations and licenses in the electricity sector
- Regulation of electricity activities and customer protection, security of supply and establishment of competitive electricity market structures.

The Energy Regulatory Authority ("ERE") is the regulator of electricity and gas sectors in Albania. ERE approves the electricity market rules, sets tariffs for grid connection and national network access, transmission and distribution, resolves disputes between market operators, takes measures to promote energy efficiency, issues and monitors licenses for electricity generation, transmission, distribution, supply, trading and market operation.

The construction of new generating capacities is conducted through competitive procedures either by concession or special procedure for granting development rights particularly for renewables.

The transmission activity is conducted by the transmission operator ("TSO") which may not exercise electricity generation and supply activities. The TSO is organized as a joint stock company wholly owned indirectly by the Government of Albania.

The electricity market operation is performed by the Albanian Power Exchange licensed by ERE. The market operator is responsible for the management of the organized market according to the day in advance and intraday market and linked activities, including the clearing activity between market participants.

The electricity distribution is performed by distribution systems operators licensed by ERE. Distribution operators may not exercise other activities in the energy sector. The power sector law allows for closed distribution systems within a geographically limited industrial area, commercial area or shared services area from which electricity is not distributed for small household and non-household customers.

Supply of electricity to end use customers may be conducted by suppliers licensed by ERE. Suppliers shall purchase electricity in the internal market or abroad.

Albania has been strongly supporting the development of renewable energy production capacities to reduce the import of fossil fuels, greenhouse gas emissions and protect the environment in compliance with the international commitments set in international treaties and agreements. To boost the increase of production and use of electricity from renewable sources, Albania has adopted special legislation for the promotion of the use of energy from renewable sources, Law no. 24/2023. The national target for 2030 is set to 54.4% renewable energy to gross final domestic consumption. However, the energy generated in Albania is almost 99% generated from renewable sources, mainly hydropower.

The support for renewable energy producers may be granted in the form of power purchase agreement, contract for difference, or contract for premium. The power purchase agreement shall be applicable until the setup of a liquid day ahead electricity market, after which the power purchase agreement shall be converted into contract for difference.

Renewable self-generators up to a maximum installed capacity of 500kW have the right to generate, consume, store and sell their excessive generated electricity. The compensation scheme for renewable self-generators based on the net invoicing methodology and rules for the sale of self-generated electricity are defined by the Council of Ministers.

Renewable energy communities shall have the right to produce, consume, store, share, sell renewable energy and provide aggregation, including through renewable power sale purchase agreements. Guarantees of origin has been also set as a supportive instrument for promotion of renewable energy generation, with rules for issuance, transfer, redeeming and cancellation of this instrument being under the competence of ERE.

Supporting measures are also envisaged for storage capacities, including but not limited to grants, investment loans, premium or other operational support.



15. REAL ESTATE AND PROPERTY RIGHTS

The Real Estate sector in Albania is currently booming, considerably due to the digital transformation and discovery of the country in the map of holiday makers destinations. The fast increase of the number of visitors visiting Albania for business and leisure has turned the real estate market into a fast-growing industry with high yield rent opportunities and highly attractive return on investment. Property prices have increased significantly in the last years. The high influx of remittances from Albanian diaspora, affordable local financing and foreign investments in the real estate sector have been key factors for the rapid delivery of the real estate market with new modern architecture constructions particularly spreading throughout the capital Tirana and coastal areas.

Acquiring real estate in Albania is a rather simple process however the registration of immovable properties still remains burdensome in some areas of the country mainly due to corruption, bureaucracy, overlapping caused by the mismanagement of the process of restitution and compensation of properties, a process that started after the transformation of the political system in Albania following the collapse of the communist regime which held any properties under state ownership.

Nevertheless, Albania has built up a robust legal framework for the protection of private property rights. Private property right is first and foremost guaranteed and protected under the Constitution of Albania and the ratified European Convention of Human Rights. The Albanian Civil Code provides for the means of acquisition of property, including but not limited to purchase, donation, inheritance, adverse possession, swap, and other classical forms foreseen in civil law systems.

Any transfer of ownership must be executed in front of the notary public and registered with the cadastral registry held by the State Cadastral Agency in accordance with the Law no. 111/2018 "On the Cadaster". The State Cadaster operates as a central institution with local management of almost digitized cadastral registries. Also, long term leases exceeding nine years, easements, usufructs, encumbrances and liens, and any other real rights must be registered with the cadastral registry.

While the Albanian property system imposes no barriers to private ownership unless for mandatory easements, there are certain constraints imposed on foreigners who wish to acquire real estate in Albania. Foreigners cannot acquire arable land, forest, pastures and meadows in Albania although such constraint may be circumvented by means of acquisition through a special purpose vehicle company established under the laws of Albania. Also, foreigners cannot buy commercial land unless and until a development investment of three times the value of land is made over the land in which case the transfer of ownership of the land can be justified and satisfied. The same mechanism of Albania-based special purpose vehicle applies hereto.

The development of commercial land and conversion of other category lands into commercial land for development purposes is approved by the territory council which operates in local and central level. Any development of commercial land in coastal areas must be approved by the national territory council. The Albanian legal framework regulating territorial development (Law No. 107/2014 "On territorial planning and development", as amended, Decision of Council of Ministers No. 408, dated 13.05.2015 "On approval of the instruction for territorial development", as amended, Law number 42/2019 for some Amendment of Law No. 107/2014 "On territorial planning and development" and other related bylaws), provide for a two phased procedure to receive respective clearances for permitting constructions in Albania, namely: (i) the development permit and (ii) the construction permit.

Real Estate acquisition financing is made available from commercial banks which may also grant mortgages to foreigners with proven income records and credible ability to repay the loan. Anti-money laundering policies and rules of Albanian commercial banks are quite tough and KYC screening process is almost always run under enhanced due diligence mode for foreigners. Apart from the mortgage, the bank may require additional guarantees including personal guarantee of the debtor and any of his/her immediate family members, as well as any additional liens and encumbrances or financial collaterals to cover the loan exposure.

Brokering of real estate transactions is usually done by real estate agents who get a percentage of the transaction value. According to the Law No. 9/2022 "On real estate profession", real estate agents must get a license to be able to act as brokers in real

estate transactions. Licensing requires prior training and certification by private authorized institutions. Any entity that intends to exercise such activity, needs to have at least one employee that has said license. Any EU citizen that is also licensed as a real estate agent, can exercise said activity in Albania as well.

16. INTELLECTUAL PROPERTY

16.1. Trademarks, patents, and copyrights

The system of granting and protecting industrial property rights, as well as the system of protecting trade secrets against acquisition, use and disclosure in an illegal manner is governed by the law no. 9947 "On industrial property", as amended. Based on the law, industrial property has as its object:

- industrial designs;
- appellation of origin;
- trademarks;
- patterns of use;
- patents;
- geographical indications.

According to the law the trademark is a word, symbol, drawing, or combination of several words, phrases, symbols or drawings, that identify and distinguish the source of goods of one party from those of another party.

The definition of a service mark is the same as that of a trademark, except that they identify and distinguish the source of services rather than products.

Patent protection means that the invention cannot be marketed, used, or sold without the patent owner's permission. A patent application is made for a single invention or for a group of inventions, connected in such a way that together they form a single, general inventive concept.

Based on the law no. 35/2016 "On copyright and related rights" the object of copyright is any original intellectual creation in the field of literature, art and science, which bears individual characteristics, regardless of the way or form of their expression, objective, importance, as far as this law does not provide otherwise. Any other part or element of a work, including its title or a character expressed therein, which itself represents the intellectual creation, is also protected by copyright.

16.2. Registration process

According to the law "On Industrial Property" no. 9947, dated 07.07.2008, as amended, and the Decision of the Council of Ministers "On the approval of the regulation for the registration of trademarks and service marks", the application for territorial extension and protection of the relevant trademark in Albania and other countries shall be reviewed by the General Directorate of Industrial Property as an application for initial trademark registration.

Based on the aforementioned legislation, the authorized representative of the trademark owner, who aims for the territorial extension and/or protection of the trademark in Albania (Applicant) must sign and file with the General Directorate of Industrial Property (Directorate) in Albania the application for registration of the relevant trademark as well as the necessary documents for such purpose.

Trademark protection and registration in Albania is carried out at the Industrial Property Office in Tirana. The application for registration must be made by an authorized/licensed trademark representative in Albania. The procedure for examining and registering trademarks in the Industrial Property Bulletin usually lasts from 8 (eight) to 9 (nine) months, from the moment of application at the Industrial Property Office.

The registered trademark is valid for a period of 10 (ten) years from the date of filing the application. The renewal

of the trademark can be extended indefinitely by making the corresponding payment for the renewal of the trademark and submitting the request for such purpose to the Office of Industrial Property 6 months before the end of the 10-year term.

To speed up the registration procedures, it is recommended to submit in advance to the Industrial Property Office an inquiry in order to verify whether the trademark is registered or protected by other persons in Albania.

The General Directorate of Industrial Property maintains also the patent register, where all applications, for which the date of filing is given, are registered. No patent application is registered in the patent register before the patent is published.

The submitted applications are examined according to their serial number within a period of approximately 3 months from the date of submission of the application. After issuance of a filing certificate, a further examination of the patent application takes place within a period of approximately 3 months from the date of issuance of the filing certificate. At the end of the examination, the General Directorate of Industrial Property decides on whether or not to issue a patent and immediately informs the applicant of the decision made, as well as the payment of the fee for the issuance of the patent. The registered patent is valid for a period of 20 (twenty) years from the date of filing the application.

The procedure for the registration and the provision of copyright certificates is carried out by the Copyright Directorate under the Ministry responsible for copyright. The registration procedure with the Copyright Directorate lasts for a maximum period of 45 days.



17. BANKING AND FINANCE

Albania's banking and finance sector has undergone significant transformations in recent years, marked by efforts to modernize and align with international standards. Banking and finance services are strictly regulated and licensing is mandatory.

The financial sector mostly relies on insurance, private pension funds, while the capital market is still in its infancy with legal and regulatory framework advanced to European standards but still with very limited market acitivity. The creation of the ALSE stock exchange is seen as a good opportunity to expand capital market services in the country, however its operations are still quite limited.

Foreign exchange movements are regulated by the Bank of Albania Regulation "On foreign exchange transaction", which foresees different forms of transactions and/or transfers.

In accordance with the Regulation, foreign exchange transactions represent transactions and/or transfers amongst residents (which include; legal persons with the headquarters in Republic of Albania, branches of foreign companies that are registered in the Albanian commercial Register, commercial natural persons that carry out their activity here, natural resident persons in Albania, natural persons/foreigners that reside within the territory of Albania, natural persons that do not reside in Albania but are registered in the National Civil Registry and non-residents (every person not listed as a resident), that are recorded in the Balance of Payments of the Republic of Albania. These transactions and/or transfers are mainly free (unless otherwise provided by the Regulation) and are mainly composed by capital transactions and transfers (the transfer of securities, funds or capital ownership between residents and non-residents) and current transactions (transaction between residents and non-residents whose objective is not a transfer of capital) and transfers.

Capital transactions, may be composed of different exchange forms such as: direct investments (which can be conducted by residents and non-residents, and may include establishment or extension of branches, establishment of a subsidiary, acquiring an existing company, merging or separation, participating in an existing company, loans with a minimum maturity of 5 years and from reinvestment of earnings); real estate investments (which can be conducted by residents and non-residents with the purpose of purchasing the estate and the building construction); securities transactions dealt in on the capital and/or money market (both can be conducted by residents and non-residents etc. Capital transfer is another form of exchange that can be conducted and may be carried out freely and without any restrictions by both residents and non-residents in the Republic of Albania.

In Albania there are no foreign exchange controls, but the Bank of Albania is entitled to impose different exchange restrictions on transfers and payments in case of capital account transaction. Such restrictions however can be introduced for a period no longer than 12 months, and can be extended only for another similar period. In the Regulation of Foreign Exchange Controls there are no restrictions over international financial remittances included. If no tax liabilities are outstanding in Albania, the repartition of income (such as royalties, dividends and consultancy services) is allowed. Also, transfers of current international payments must be supported by respective documentation (such as invoices, certificates, transport documents, etc.). However, there is a USD 10,000 limit of hard currency values or of assets to carry while crossing the border check points, and the violation of this rule is subject to criminal charges.

Albanian national currency (Albanian Leke or ALL), has shown a significant increase in its value against Euro and other currencies in the last two years. The current average exchange rate is 101 ALL/EUR, (2023: 108.7 ALL/EUR).

17.1. Banking system

Albania's banking sector is dominated by commercial banks, with the Bank of Albania serving as the central bank. Apart from commercial bank, limited banking activities are also exercised by non-bank financial institutions. The sector has seen improvements in stability and efficiency, with measures taken to strengthen regulations and supervision.

Access to finance for businesses has improved, with banks offering a range of products and services tailored to meet the needs of small and medium enterprises (SMEs). However, challenges remain, particularly for startups and those lacking sufficient collateral.

The adoption of digital banking services has increased, offering greater convenience and efficiency for businesses and individuals alike. Mobile banking, online payments, and digital wallets are becoming increasingly popular.

Albania has been actively seeking foreign investment in its banking sector, aiming to diversify services, enhance competition, and improve access to finance. Foreign banks operating in Albania bring expertise and contribute to the overall development of the sector.

The regulatory environment for banking and finance is evolving, with efforts to enhance transparency, combat money laundering and terrorist financing, and ensure compliance with international standards. The government continues to work closely with regulatory bodies and international organizations to strengthen the legal framework.

17.2. Insurance market

Insurance companies are regulated by the Albanian Financial and Supervisory Authority (AFSA). Most companies operate exclusively in the non-life service sectors and few operate exclusively in the life service sector. Substantial improvements have been made to enhance the effectiveness of supervision of the insurance sector. The legal framework has been strengthened with the approval of primary legislation broadly in line with EU requirements.

AFSA is responsible for the regulation and supervision of the nonbanking financial system in general and the operations of the insurance sector in particular. AFSA reports directly to the Albanian Parliament. The main areas of its activities fall under the following: insurance market and its operators; securities market and its operators; private supplementary pension market and its operators; other non-banking financial activities with the exception of leasing companies and nonbank financial institutions.



18. BANKRUPTCY AND INSOLVENCY

Bankruptcy in Albania is regulated by the insolvency law no. 110/2016, as amended and several secondary implementing acts. Insolvency proceedings can be initiated by the debtor and creditors.

The law provides for a temporary stay of 30-60 days on the debtor's properties until the declaration of insolvency or initiation of the insolvency procedure. Once the court decides the application of the temporary stay, secured creditors cannot enforce their guarantees if the value of the secured collateral is higher than the total value of the credit. Additionally, after the adoption of the reorganization plan and in particular during the implementation phase of the same, any enforcement request related to claims brought prior to initiation of insolvency procedure, are automatically suspended throughout the implementation period of such plan.

There is adequate protection in Albanian insolvency law, in the form of certain type of relief ensured to the creditors with exemption rights. These are creditors who own a property in the insolvency estate and have the right to request the exemption of the said property or the separation of a certain part of the claimed property. If the said property is sold after the declaration of bankruptcy, the exempted creditor will be classified as a creditor of the insolvency procedure and as such, is entitled to superior rights over the insolvency estate compared to other secured or unsecured creditors.

The law provides for the possibility to oppose certain transactions when the same have been performed in a two-year period prior to the declaration of the state of insolvency.

After the declaration of insolvency, the appointed insolvency administrator can file claims against potential adverse actions of the debtor. The annulment of the transaction is required if it adversely affects the estate of insolvency. The party that has taken benefits from the debtor's action must return any property or right earned accordingly. The claim shall be filed within 10 days from the identification of the transaction, and the court must give a ruling within 30 days from registration of the claim.

In relation to claw back of previous payments, the insolvency court can decide to include again to the insolvency estate any property or any related cash amount transferred as a result of an adverse action. If the said properties or rights have been already transferred to a third party acting in good faith, the insolvency court may order the third party to recover the value of property in cash, interests included and include it to the insolvency estate. The statute of limitation for filing a claim against an adverse action of the debtor is 3 years from the declaration of insolvency.

Creditor(s) claims are ranked and preference ranking is provided by law as per each category and/or class of creditors.

The reporting committee headed by the insolvency judge decides whether the insolvency proceedings will resort to reorganization or liquidation. The reorganization plan is prepared by the bankruptcy administrator and is voted by creditors after the latter being recognized as such. The meeting of the creditors is validly constituted if the majority of creditors, representing at least 50% of the claims are present in the meeting. As a rule, approval of the plan requires that creditors representing the majority of the claims in every class vote in favor of the presented reorganization plan. The insolvency judge presides the meeting. The judge can also delegate such authority to the insolvency administrator. The reorganization plan shall be presented to the parties at least one month before the meeting. Finally, the plan is validated by the court provided that no complaint is filed against it within 10 days from the creditors' approval. In case of a decision to continue through the liquidation, the bankruptcy administrator shall prepare the liquidation plan and submit for final approval by the bankruptcy court.

19. COMPETITION

19.1. Merger control regime

The established framework for the protection of competition in Albania is primarily the Law 9121/2003 "On the Protection of Competition", as amended, modeled after the EU competition legislation. For the purpose of this law, any natural persons, be they foreign or domestic, any legal entities, be they public or private, who engage in commercial activity within the territory of Albania and provided that the activity they conduct has a measurable impact of the national market, shall be considered as undertakings.

Protection of competition in Albania is run by the Albanian Competition Authority (ACA). However, depending on the particular sector a merger may be conducted in, other institutions may be included such as follows:

- Audiovisual Media Authority, regarding mergers in the audiovisual broadcasting sector, is responsible for granting prior approval if changes in ownership are foreseen.
- Authority of Financial Supervision, regarding mergers in the insurance/reinsurance company sector, is responsible for granting approval if changes in ownership are foreseen.
- Authority of Electronic and Postal Communication, regarding mergers in the telecommunication sector, is responsible for granting approval is changes regarding the licensee are foreseen.
- Central Bank of Albania, responsible for the banking sector, also including nonbanking financial institutions, has the authority to approve or decline any 10 % minimum transfer of a bank's share capital, or any other percentage that could result in strengthening a shareholder's influence in management or policies of the bank or nonbanking financial institution.

19.2. Concentration, control and joint ventures

There are three specific cases when a merger may result in a concentration, which arises when a change in the control of a company is identified as a result of:

- The merger or two or more independent undertakings or parts of undertakings;
- The acquisition, by one or more persons already controlling at least one undertaking, or by one or more undertakings, whether by purchase of shares or assets, by contract or by any other means, of direct or indirect control of the whole or parts or more other undertakings;
- Direct or indirect control over one or more undertakings or part of the latter.

However, for one of the merging companies to obtain control, the ownership of the majority of the shares with the voting rights is not the only way. Control in and of itself is constituted by rights, contracts or any other means which separately or cumulatively cast a decisive influence on the undertaking. Such control may come as a result of the existence of the right to use all or part of the assets of the undertaking, and/or the holding of the rights or contracts which result in controlling the decision-making bodies of the undertaking, hence no minimum percentages regarding control are specified in the Competition Law since the evaluation of a potential control situation is to be conducted on a case-to-case basis.

Not only mergers are subject of the competition law but also joint ventures so long as these JVs are established between two are more independent undertakings for a long-lasting period of time and exercise full economic functions within the Albanian market, where they are to be considered as concentrations.

Another point to be considered is that not all mergers that take place within the territory of Albania are thoroughly screened so long as these mergers do not condition the competition in a respective market. In the event of such mergers, the ACA conducts a more expedited control procedure when:

- the merger at hand does not exceed 10 % of the respective market where the merging parties conduct their business and are actual or potential competitors; or when
- the merger at hand does not exceed 15 % of the respective market, where the merging parties conduct their business and are not actual or potential competitors.

When a merger is planned to take place, the submission of a notification by the undertakings to the ACA is mandatory if the below listed scenarios apply:

- the combined worldwide turnover is of more than ALL 7 billion, whereas the domestic turnover, of at least one of the undertakings, is at least ALL 200 million;
- the combined domestic turnover is of more than ALL 400 million, whereas the domestic turnover, of at least one of the undertakings, is at least ALL 200 million.

After the conclusion of a merger agreement, the acquisition of a controlling interest or the announcement of the public offer, within 30 days of such action, the merger must be notified to the ACA. Failure to do so shall constitute an infringement of the Competition Law and the undertakings shall be subject to fines up to 1 % of their annual turnover of the previous financial year. The parties responsible for filing such notification are the undertakings, part of the merger, or the merging party which acquires a controlling interest in one or more other undertakings, or the undertaking that is offering to acquire another undertaking during a public offer acquisition, or in the event of a JV, the party responsible for filing such notification is the undertaking that has the control of the JV.

After receiving the notification, ACA commences its examination to conclude if the merger/acquisition may cast a significant restriction on the competition in the market, or if there are grounds for the merger to result in a dominant position. The assessment procedures are held in two phases, the preliminary proceedings and in-depth investigation.

The first phase is applied when the merger at hand does not show any signs it may lessen the market competition. Such a phase is concluded by the ACA within a two-month period, and if no issues arise, it is concluded with the granting of the approval.

If under the course of the Preliminary Proceedings, the ACA may stumble into issues that may result in infringing the Competition Law, then ACA initiates in-depth investigations, or if the parties agree to undergo certain changes, the merger may be concluded under certain conditions. If the parties choose to apply the last scenario, then they are granted an additional 1-month period to present the ACA with their proposed changes so that the merger may not result in infringement of the Competition Law, and if such commitment is accepted by the ACA, the merging parties shall have two additional weeks to implement the proposed changes. If within two months after the termination of the two-week additional period, ACA has not issued an approval, the latter shall be considered to be granted.

The second phase applies where ACA, due to appearance of signs that the transaction could trigger dominant position in the market, thoroughly investigates the case and the potential effects on the market competition. Within three months from the commencement of such investigation, the ACA issues its final decision, granting or denying approval. As explained hereinabove, if the merging parties, within two months from the commencement of the investigation, offer to make certain changes so that the effects on the competition may lessen, the deadline of this phase may be extended up to one more month.

However, if for any reason, the merging parties fail to correctly notify the ACA, the below listed scenarios may apply:

- the undertaking accountable for late filing, the submission of incorrect, misleading or incomplete information or failure to notify the ACA, is held liable under a non-serious infringement charge, where it may be subject to fines up to 1% of the aggregate turnover of the previous financial year.
- the undertaking that does not file its notification and whose merger resulted in concentration that visibly restricts the competition, is held liable under a serious infringement charge, where it may be subject to fines up to 10% of the aggregate turnover of the previous financial year.

For the undertakings to avoid being held liable for any of the two above listed scenarios, the ACA provides a standard filing form or a notification, where the latter must include; detailed information on the undertakings, the domestic and/or worldwide turnovers, current market shares, information on the form of concentration whether it's a merger, acquisition and so on, information on the controlling interest, information on the product and the market to be affected by the concentration; where all the provided information shall be backed up the undertakings legal and financial documents and studies of the market. It is important to comply with the filing requirement since if the undertakings implement their merger without being granted approval by the ACA, such transaction shall be considered void and may also reverse the transaction.

USEFUL SOURCES OF INFORMATION

Portal of public services: e-albania.al

Financial Supervisory Authority: amf.gov.al

General Tax Directorate: tatime.gov.al

Customs Administration: dogana.gov.al

Institute of Social Insurance: issh.gov.al

Bank of Albania: bankofalbania.org

Institute of Statistics:instat.gov.al

Electronic and Postal Communications Authority: akep.al

Official Publications Centre:qbz.gov.al

Other useful addresses and websites:

Albanian Investment Corporation: aicorporation.al

Albanian Investment Development Agency: aida.gov.al

The World Bank - Doing Business in Albania: worldbank.org/sq/country/albania

Appendix A: Double Tax Treaties

Since 1995 Albania has entered into agreements "For the Avoidance of Double taxation with respect to Taxes on Income and on Capital and for the Prevention of Tax Evasion" with several countries as follows:

No.	Country	Effective from
1	Poland	1 January 1995
2	Romania	1 January 1995
3	Malaysia	1 January 1995
4	Hungary	1 January 1996
5	Turkey	1 January 1997
6	Czech Republic	1 January 1997
7	Russian Federation	1 January 1998
8	North Macedonia	1 January 1999
9	Croatia	1 January 1999
10	Italy	1 January 2000
11	Bulgaria	1 January 2000
12	Sweden	1 January 2000
13	Norway	1 January 2000
14	Greece	1 January 2001
15	Malta	1 January 2001
16	Switzerland	1 January 2001
17	Moldova	1 January 2004
18	Belgium	1 January 2005
19	China	1 January 2006
20	France	1 January 2006
21	Egypt	1 January 2006
22	The Netherlands	1 January 2006

No.	Country	Effective from
23	Serbia & Montenegro	1 January 2006
24	Austria	1 January 2009
25	Slovenia	1 January 2010
26	Latvia	1 January 2009
27	South Korea	1 January 2009
28	Bosnia and Herzegovina	1 January 2009
29	Spain	4 May 2011
30	Ireland	1 January 2012
31	Germany	1 January 2012
32	Singapore	1 January 2012
33	Qatar	1 January 2013
34	Kuwait	1 January 2014
35	Great Britain & North Ireland	1 January 2014
36	United Arab Emirates	1 July 2014
37	Kosovo	1 January 2016
38	Iceland	1 January 2017
39	Estonia	1 January 2018
40	Saudi Arabia	1 January 2019
41	Israel	1 January 2019
42	India	Not in force yet
43	Luxembourg	Not in force yet

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"Nexia is a leading global network of independent accounting and consulting firms. When you choose a Nexia firm, you get a more responsive, more personal, partner-led service, across the world"

$2.9bn
Fee income for 2023

230
Member firms

624
Offices globally

123
Countries

22
Committees and business groups

26,149
People worldwide

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