



# Tax News

August 2016

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### **I. New threshold for tax-free purchases of goods via internet**

Pursuant to the legislation in force, the VAT and other import duties are not due when the total value of all goods (also referred as “*goods of a negligible value*”) in a non-commercial consignment is less than a pre-determined threshold set forth in the Decision of the Council of Ministers no. 919, dated 29.12.2014 “On the Implementing Provisions of the Law on Customs Code”.

An amendment to the above decision, published in the [Official Gazette no.145, dated 3.08.2016](#), determined that:

- Goods purchased via internet with a value lower than EUR 22 are now exempt from VAT and other customs duties on importation (*the previous threshold was EUR 150*).

- Incidental consignment of goods intended for the personal or family use of the consignees (for which no consideration will take place in exchange) with a value lower than EUR 45 from an individual outside Albania to an individual in Albania are now exempt from VAT and other custom duties on importation (*the previous threshold was the same*).

The Ministry of Finance has published a [notice](#) whereby describing the simplified customs procedures applicable to the above transactions.



## II. Joint Instruction of Minister of Finance and Minister of Justice “On re-evaluation of immovable property”

As anticipated by the Law no. 81/2016, “On re-evaluation of Immovable Property” (included in our [Legal News of July 2016](#)), the Minister of Finance and the Minister of Justice have approved the Joint Instruction “On re-evaluation of immovable property”, which was published in the Official Gazette [no. 162, dated 29.08.2016](#).

This instruction provides for the detailed procedure to be followed by individuals and legal entities that intend to re-evaluate their immovable property.

The immovable property included in the scope of this instruction and consequently can be re-evaluated are land and buildings.

Individuals and legal entities may request **within 28.02.2017** the re-evaluation of the land and/or buildings under their ownership, as well as of the property which is under the registration process pursuant to the Law no. 33, dated 21.03.2012, “On the registration of immovable property”, as amended.

Below you can find a short summary of the procedures determined in the Joint Instruction:

(i) *Individuals*: An individual shall fulfil the ‘re-evaluation application’ form at the local immovable property registration office (in Albanian ‘ZVRPP’) where his/her property is registered. The Joint Instruction stipulates that individuals can re-evaluate their immovable property either through an evaluation report issued by an independent licensed expert or based on the re-evaluation performed by the ZVRPP.

Accordingly, in case the individual opts for the re-evaluation through a licensed expert report, along with the application form, he/she shall deposit at ZVRPP also a copy of the expert’s license and the original copy of evaluation report. In any case, the re-evaluated value of the property that shall be registered by the ZVRPP shall not be lower than the minimum fiscal process for such property.

In case the individual opts for ZVRPP to perform the re-evaluation, the later shall base it on the minimum fiscal prices applicable on the property.

The taxable base shall be the difference resulting between the re-evaluated value and the value registered for that property in the ZVRPP prior to the re-evaluation. The tax payable on the revaluation shall be calculated at 2% of the taxable base.

(ii) *Legal entities*: The legal representative shall deposit at the respective Regional Tax Directorate a set of documents as determined by the Joint Instruction (e.g. statement for the voluntary re-evaluation of the immovable property; a copy of expert’s license; a copy of the invoice issued by the expert for the service provided; the financial statements of 2015 presenting the immovable property concerned under the ‘property, plant and equipment’ item etc.).

The taxable value shall be calculated as the difference between the re-evaluated value and the accounting book value of the property.

The tax payable on the revaluation shall be calculated at 3% of the taxable base.

The legal entity shall finally register the revaluation in its financial statements, in accordance with the Law no. 9228, dated 29.04.2004 “On accounting and financial statements” and the Law no. 8438, dated 28.12.1998 “On income tax”.

## III. Improved National Accounting Standard no. 15

Through the Order no. 78, date 12.07.2016 published in the [Official Gazette no.149, on 9.08.2016](#), the Minister of Finance announced the entry into force of the Improved National Accounting Standard no. 15 “On accounting and financial reporting of micro-entities”.

The improved standard focuses on accounting and financial reporting requirements applicable for micro-entities i.e. entities that in the two last subsequent years have employed less than 10 employees and have reported an annual turnover and/or total assets of less than ALL 10 million (excluding entrepreneurs registered as physical persons [P.F.] having an annual turnover of less than ALL 2 million).

The improved standard will be applicable prospectively for the accounting periods starting on 01.01.2017. The full text of the standard is published in the official website of the National Accounting Council of Albania (click [here](#)).

## IV. Amendments and additions to Decision of Council of Ministers no. 77, dated 28.01.2015, “On Mandatory Contributions and Benefits from the Social Security and Health Insurance System”

The Decision of the Council of Ministers no. 551, dated 27.07.2016, published in [Official Gazette no. 147/2016](#), brings various amendments and additions to the Decision of the Council of Ministers no.77, dated 28.01.2015 “On Mandatory Contributions and Benefits from the Social Security and Health Insurance System”. These amendments are effective as of 01.08.2016.

Most of the amendments are related with the base salary taken in consideration for purposes of calculating the pension of persons who hold an academic degree, pension treatment of persons with permanent disability etc. We mention below some of the amendments:

- The monthly net assessment base for the purpose of calculating the sick leave benefit (for the period after the 15<sup>th</sup> day of the sick leave) in the case of employees included in the payrolls of two companies, should be the sum of the gross salaries, minus the applicable deductions i.e. personal income tax and employee's part of contributions;
- For calculating the assessment base for purposes of social and health insurance benefits, there are taken into account the contributions paid for an individual pursuant to a court decision in his/her favour (e.g. *in case of a dispute between the beneficiary and his ex-employer; the relevant social or health insurance institution etc.*). It is for the Minister of Finance to determine through an instruction the procedures of payment and data documentation in this case;
- The transfer to the beneficiary of the short term benefits for sickness or temporary incapacity at work, as well as of the maternity leave benefits, should now be performed once in a month from the social insurance account to the personal account of the beneficiary after the approval of the payroll by the social insurance institution.



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