

Tax & Legal News

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In this issue:

I. Amendments to the Instruction “On VAT” no. 6, dated 30.01.2015

II. Amendments to the Law “On the National Registration Center” no. 9723, dated 3.05.2007

III. Double Tax Treaty with Iceland



Please find below a summary of the main changes in the Albanian legislation entered into force in March 2015.

I. Amendments to the Instruction “On VAT” no. 6, dated 30.01.2015

These amendments have been brought by Instruction no. 6/2, dated 19.03.2015, published in the Official Gazette no. 45, dated 26.03.2015, and have entered into force on 26.03.2015.

Deadline for submission of VAT books

The new deadline for submission of the sales and purchases books is the 10th of the following month (instead of the 14th), whereas the deadline for submission and payment of the VAT return remains the 14th of the following month.

Live animals exempt from VAT on import

The list of live animals entitled for exemption from VAT on import has been extended to include items falling under several Nomenclature Codes (before, this exemption applied only on the Nomenclature Code 0102 29 29).

II. Amendments to the Law “On the National Registration Center” no. 9723, dated 3.05.2007

These amendments have been approved by Law no. 8/2015, dated 19.02.2015, published in the Official Gazette no. 32, dated 9.03.2015, and have entered into force on 24.03.2015. Below, we have summarized the most relevant topics.

Vocabulary

- The terms ‘commercial entity’ and ‘commercial economic activity’ have been replaced with more general ones: ‘entity’ and ‘activity’. The commercial

concept has been removed from the Law, by making it applicable to all entities and activities, not necessarily of a commercial nature.

- In this regard, subject to the obligation of registration with the National Registration Center (NRC), are now also the physical persons who may have or may have not the quality of an entrepreneur, provided that (a) they carry out an independent activity, (b) of a professional, economic, or commercial nature, (c) on a continuous basis. Exceptions to this rule for physical persons acting as employers or self-employed in specific areas, or exercising activities of low turnover, will be determined under specific ministerial orders.

The 'electronic desk'

- The NRC has now the possibility to exercise its functions through an 'electronic desk'. Any application or registration, including procedures of administrative appeal, obtainment of extracts or supporting documents, can now be carried out by electronic means through such 'electronic desk'.
- The responsibility of NRC regarding documents submitted in paper form is now limited. NRC shall accept all documents both in electronic and paper forms, but will be obliged to save only the electronic converted copies.
- Certified copies of extracts or accompanying documentation can now be obtained also in the electronic format, by anyone (without the need for personal identification), upon application at the electronic desk and payment of a certain fee.

Submission of financial statements and audit opinion at NRC

- Branches and representative offices of foreign companies do no longer have the obligation to submit at the NRC the annual financial statements of the parent companies.
- When a company does not fulfill its obligation to submit at the NRC the financial statements and related audit opinion within 30 days from their issuance, but in any case within 31st July of the subsequent year, the NRC will:
 - apply a fixed penalty of 15,000 ALL, and
 - suspend the registration of any future applications by the company, unless it submits these documents and pays any outstanding penalties within 21 calendar days from the notification of such suspension from the NRC.



- The NRC has no longer the right to change the status of the company from 'active' to 'passive' in case of non-submission of the financial statements and related audit opinion for 2 subsequent years.

Terms and conditions for applications

- The term for the initial registration of legal persons changes from 15 to 30 days from the date of establishment.
- The term to complete the requirements of a suspended application is extended from 15 to 21 calendar days from the notification of such suspension from the NRC.
- The initial registration of a limited liability or a joint-stock company shall be carried out by the founders of the company acting jointly, or any other person authorized by them. Before this amendment, such initial registration was carried out by administrator/s or all members of the management or any other person authorized by them.

- The NRC shall not examine the compatibility of the content of the documentation of an application with the requirements of the applicable legislation.

Role of NRC

- The previous role of NRC in accepting requests for licenses, permits and administrative authorizations and delivering them to the applicant after approval by the respective authorities, has been abolished. This limitation to the role of NRC reflects, among others, the changes brought by Law “On National Licensing Centre” no.10 081, dated 23.2.2009, based on which, the majority of licenses/permits/authorizations are processed by the National Licensing Centre (NLC). In practice, NRC has not exercised such functions since 2009. This amendment is therefore an adjustment of the competences of the respective state authorities.
- It is now clarified that companies that need specific licenses/permits/authorizations cannot start carrying out their activity after being registered with NRC, but only after obtaining such licenses/permits/authorizations from the respective state authorities.
- Whereas, for companies not required to be equipped with any license/permit/authorization, it is now specified that no public authority shall impede the start of their activity after being registered with NRC, nor impose any penalty of any form, for the lack of any preliminary declarations, registrations, certifications or any other actions as may be required by the administrative practice. The public authority that so impedes the start of activity, is held responsible based on the Law “For the extra-contractual responsibility of the public administration” no. 8510, dated 15.07.1999.

III. Double Tax Treaty with Iceland

The Double Tax Treaty with Iceland has been ratified by Law no. 14/2015, dated 26.02.2015 and has been published in the Official Gazette no. 38, dated 18.03.2015. It will become effective from the 1st January of the year following the year in which the states have notified each-other on the completion of the respective legal requirements for the enforcement of this Treaty.

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