

Tax News

May 2016

In this issue:

I. Amendments to the law no. 10 091, dated 05.03.2009 “On statutory audit and organisation of professions of registered accounting expert and approved accountant”

II. Social protection agreement between Albania and Romania

III. Exemption from VAT of financial services

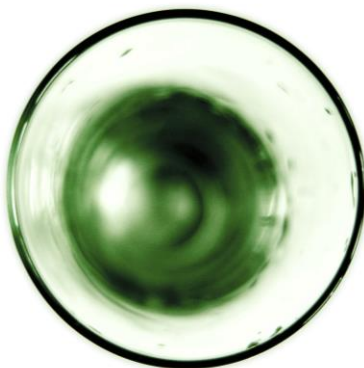
IV. Compensation scheme for agricultural producers for VAT purposes

V. Online gaming and gambling tickets

I. Amendments to the law no. 10 091, dated 05.03.2009 “On statutory audit and organisation of professions of registered accounting expert and approved accountant”

The main amendments introduced by law no. 47/2016, dated 28.04.2016, published with the [Official Gazette no. 84, dated 19.05 2016](#), and entering into force on 03.06.2016, are the following:

- ‘Registered accounting experts’ will be now named ‘statutory auditors’.
- An ‘audit company’ is now required to be a legal person, regardless of the form of organization. *Previously, their forms were limited to joint stock and limited liability companies.*
- The scope of the law has been extended by recognizing as ‘statutory audits’ not only the mandatory ones according to this law, but also (a) the audits required from other laws, (b) those performed willingly at the request of a company’s partners/shareholders, or (c) of any interested third party, when such audits apply the same standards and requirements specified by this law.
- For purposes of statutory audit, the definition of ‘public-interest companies’ includes companies listed in stock exchange markets, banks and non-banks financial institutions, insurance and reinsurance companies, investment and voluntary pension funds, and also other companies that will be considered with public interest because of the nature of their business, their size or the number of their employees. Relevant specific criteria will be determined through a Decision of the Council of Ministers.
- New criteria for the eligibility of limited liability companies’ obligation to become subject of a statutory audit are set forth. Limited liability companies applying the National Accounting Standards must be subject of statutory audit when, at the end of the accounting period, for two



consecutive years, exceed 2 out of 3 of the following indicators:

- 1- The total of assets in the statement of financial position, in closing of the relevant accounting period, equals or exceeds the amount of ALL 50 million (*previously at the level of 40 million*);
- 2- The income from the economic activity (turnover) in the accounting period equals or exceeds the amount of ALL 100 million (*previously at the level of 30 million*);
- 3- The company has an average of 30 employees during the accounting period (*same as before the amendment*).

This rule will be applicable starting from the year 2016.

- Companies which have adopted IAS/IFRS and joint stock companies which have adopted National Accounting Standards for the preparation the financial statements and are subject of statutory audit, now are obliged to appoint as statutory auditor of their financial statements, at least:
 - a. One audit company, having not less than two statutory auditors; or
 - b. Two statutory auditors, natural persons;
 - c. One statutory auditor, natural person and one audit company, having not less than one statutory auditor; or
 - d. Two audit companies, having respectively only one registered statutory auditor.
- When the audit company performs a statutory audit, the audit report should be signed and dated, at least, from one of the statutory auditors that carry out the statutory audit on behalf of the audit company.
- Administrative measures and sanctions for statutory auditors will be as follows:
 - Written remark accompanied by a note in the public register;
 - Penalties (to be paid within two months and which vary from ALL 50,000 to 500,000);
 - Temporary suspension, for a period not more than 5 years;
 - Permanent cancelation from public register.
- The right of statutory auditors to appeal in the relevant administrative court against the decisions of the Public Supervision Board is set to be within 45 days from the date of notification.

II. Social protection agreement between Albania and Romania

Albania has entered into a social protection agreement (commonly referred also as “pension transferring agreement”) with Romania. The agreement passed through law no. 42/2016 “On the ratification of the agreement between Republic of Albania and Republic of Romania on social protection” published with the [Official Gazette no. 77, dated 09.05.2016](#).

The agreement aims to provide the necessary regulations and procedures to enable the individuals of both countries to benefit equal treatment from the social security legislations of each country. Some of the main technical aspect regulated under this agreement are summarized below:

- Benefits received in accordance with the legislation of a contracting state, cannot be reduced, amended, interrupted or annulled by the reason that the individual resides in the other contracting state, except otherwise provided by the agreement.
- The agreement provides that the transferred employees to the other contracting state, will be considered employed at the first contracting state if the transfer period does not exceed 12 months.
- Articles 17 and 18 of the agreement set forth the procedures and rules to be followed with regard to the contributions and benefits arising after the accumulation of the insurance periods.

This agreement will enter into force the first day of the third calendar month after the month when the contracting states have informed each other concerning the fulfilment of the domestic legal requirements of the entry into force of this agreement.

III. Exemption from VAT of financial services

Through the Instruction of Minister of Finance no. 13, dated 17.05.2016 “On an amendment on the instruction no. 6, dated 30.01.2015 “On value added tax in Republic of Albania”, published with the [Official Gazette no. 91, dated 30.05.16](#). The amendment addresses the financial services considered as exempt in accordance with article 53, paragraph ‘b’; ‘c’; ‘ç’; ‘d’; ‘dh’ of the Law no. 92/2014 “On VAT in the Republic of Albania”.

The amendment provides that the financial transactions are exempt from VAT, regardless whether the suppliers of such services are licensed financial institutions.

Before this intervention, only financial services supplied by the financial institutions licensed from the competent authorities in Albania were considered as exempt supplies for purposes of VAT.

IV. Compensation scheme for agricultural producers for VAT purposes

The Instruction of the Minister of Finance no. 10, dated 03.05.2016 "On some additions and amendments to the instruction no. 19, dated 03.11.2014 "On the implementation of the specific regime of the compensation scheme for agricultural undertakings for VAT purposes", published with the [Official Gazette no. 75, dated 05.05.2016](#), introduces some important amendments relevant to the VAT compensation scheme for agricultural undertakings.

According to the recent intervention the following apply:

- In order for the taxable person to deduct the input VAT at the tax rate shown at the invoice which does not exceed the value of ALL 30,000, the invoice should be settled through a payment made via the Albanian Post Mail service or via a bank transaction. Payments in the range of ALL 30,000 to ALL 150,000 should be settled via bank transactions. Invoices up to ALL 30,000 settled by cash in hand, are supported by the respective accounting documents used to evidence the payments by taking into consideration the condition that only one payment towards the same farmer up to this amount per day is allowed.
- For purposes of VAT reimbursement, the provisions of the Council of Minister Decision no. 953, dated 29.12.2014 are applicable to the taxable persons that export the goods purchased by a farmer. "Zero risk exporters" are entitled to automatic VAT reimbursement within 30 calendar days from the submission of the request upon the fulfilling of the criteria set forth under the decision.
- The taxable person, purchaser of the farmer's products may raise fiscal invoices issued in the name of the farmer and also may use the electronic invoices following the same procedure as provided by the law on tax procedures and VAT legislation.

V. Online gaming and gambling tickets

As anticipated by the new law no. 155/2015, dated 21.12.2015 "On gambling in the Republic of Albania", included in our [tax news of January 2016](#), the Minister of Finance is entitled to approve within 3 months from its entry into force of the new law, the rules related to its implementation.

The Instruction no. 14, dated 18.05.2016 of Minister of Finance approving the procedures, timing and templates of gambling tickets and also the methods of emission of the online tickets or other forms of acceptance for participation in an online game has been published in published with the [Official Gazette no. 91, dated 30.05.16](#).

This instruction repeals the Instruction of Minister of Finance no. 8, dated 26.01.2009 concerning the printing and distribution of gaming and gambling tickets. Accordingly, the new instruction introduces two main changes:

- The approval of new tickets launched in the market will be a competence of the General Director of Gambling Supervising Agency instead of the Minister of Finance.
- The relevant rules of producing and using online tickets are thereby introduced. The online tickets will be monitored by the Online Central Monitoring System.





Deloitte Contacts

Olindo Shehu, CPA

Partner | Tax & Legal Services

Deloitte Albania sh.p.k

Rr. "Elbasanit", Pallati prane Fakultetit Gjeologji Miniera

Tirana | Albania

Mob: +355 68 60 33 116

E-mail: oshehu@deloitteCE.com



Disclaimer:

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL” or “Deloitte Global”), its network of member firms, and their related entities (collectively, the “Deloitte Network”). DTTL and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see <http://www2.deloitte.com/al/about> information on your country site] for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, financial advisory and legal services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s approximately 225,000 professionals are committed to making an impact that matters.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.