

## Tax & Legal News

December 2014

### In this issue:

#### **I. New Customs Code**

#### **II. Amendments to the Law on Commercial Companies**

#### **III. Amendments to Excise Tax Law**

#### **IV. New double taxation agreements with United Arab Emirates and Kosovo**

#### **V. Improved National Accounting Standards**

#### **VI. VAT compensation regime for farmers and agricultural undertakings**

#### **VII. Airport fee for the travelers crossing the Albanian border by airplane**

Please find below a summary of some changes in the Albanian legislation occurred during the second half of 2014 in different areas: customs, tax and excise, accounting, company law, etc.

#### **I. New Customs Code**

The Albanian Parliament has passed on 31.07.2014 Law no. 102/2014 "Customs Code of the Republic of Albania". It has been published in the Official Journal no. 134, dated 22.08.2014.

The New Code is conceived and structured in line with The Union Customs Code (UCC) that was adopted on 9 October 2013 as Regulation (EU) no. 952/2013 of the European Parliament.

The Ministry of Finance has already started the publication of the bylaws related with the organizational structure of the General Customs Directorate. The majority of the provisions of the new Customs Code are expected to enter into force on 01.06.2017. Whereas, articles 9, 10, 11, 13 and 14 of the Customs Code in force will be abolished starting from 01.01.2015 and will be respectively replaced by the following articles of the New Customs Code:

- Article 161 - relates to the simplification of the calculation of customs duties for consignments made up of goods which fall under different tariff classifications.
- Article 169 - introduces the verification of imported goods by the customs authorities, apart from taking samples for further examination or requesting other supporting documentation for verifying the accuracy of the declaration.
- Article 175 - implies that the customs authorities may release the goods as soon as the particulars in the



declaration have been verified or have been accepted even with no prior verification.

- Article 176 - presents the rules regarding the acceptance of a customs declaration giving rise to a customs debt or the cases when the customs authorities require the provision of a guarantee.
- Article 267 - limits the amount of penalty to be paid in case of differences on quantities up to half the unpaid liability (instead of the previous 2-5 times the amount).

## II. Amendments to the Law on Commercial Companies

On 02.10.2014, the Albanian Parliament approved some amendments to the Law on Entrepreneurs and Commercial Companies. These amendments introduce new Regulations regarding the functioning of the company and its relations with third parties. The amendments are in line with relevant EU Directives and are mostly related to: legal representation; abuses of legal form and positions; reasons for dissolutions; annulment of illegal decisions and compensation; appointment, dismissal, rights and duties of administrators; dissolution of the company; liquidation of the company; merger agreements and reports; mergers by acquisition etc.

For more information, please refer to our [Legal Alert](#).

## III. Amendments to Excise Tax Law

On 23.10.2014, the Albanian Parliament approved certain amendments to Law 61/2012 on Excise in the Republic of Albania.

It changes the excise rates for tobacco and its byproducts, alcoholic drinks, energetic products, etc. It cancels the application of certain minimum levels of penalties in case of infractions related to the production and movement of excise goods. The new excise tax rates for each product can be found at the Official Journal no. 174, dated 14.11.2014.

One of the most important amendments is related to constraints on the allowed amount of import of goods subject to future increases of the excise rate. The import of such goods cannot exceed 105% of the monthly average amount imported in the previous year. Such limitation applies for the period from the moment of approval of potential changes in the excise rates by the Council of Ministers until their entry into force upon publication in the Official Gazette. In other words, such amendment targets the abuse of importation, in excess of the average needs, of products that are subject to an increase of excise tax, during the time from the

enactment date until the effective date that such changes enter in force.



## IV. New double taxation agreements with United Arab Emirates and Kosovo

On 19.06.2014, The Albanian Parliament has passed two agreements for the avoidance of double taxation, respectively with the United Arab Emirates and Kosovo. Both agreements shall enter into force upon the exchange of instruments of ratification between the authorities of the respective countries.

As provided in article 28 of the new agreement with Kosovo, the agreement between the Republic of Albania and the UN Mission in Kosovo will remain in force until the entry into force of the new agreement.

## V. Improved National Accounting Standards

The National Accounting Council has published a new set of improved national accounting standards. Based on the EU Directives no. 4 and no. 7 on financial reporting, these improved standards are structured and amended in line with IFRS for SME. The improved standards will be applied prospectively starting from 01.01.2015. Deloitte Albania will come up with an extended publication focusing on the main changes to the national accounting standards.

## **VI. VAT compensation regime for farmers and agricultural undertakings**

In support of Section 4 of the new Law on VAT (Law no. 92/2014) that entered into force on August 2014 (Section 4 only)\*, the Ministry of Finance has published Instruction no. 19 “On the implementation of the compensation scheme for agricultural undertakings for purposes of VAT”.

Considering that the application of the normal VAT regime would likely give rise to difficulties, a compensation scheme will be implemented as follows:

Farmers and agricultural producers will earn an extra 20% (above the sale price) as a compensation for the VAT paid on their purchases of goods/services. The payer of such amount will be the buyer of products from the farmers and will pay the VAT on such products through the self-issued invoice mechanism (in Albanian: fature leshuar nga bleresi). The buyer will be entitled to deduct the input VAT in accordance with the conditions and rules laid down by the new Law on VAT.

Farmers and agricultural undertakings that exceed the threshold for VAT registration are not eligible to benefit from this scheme.

\*For more information on the new Law on VAT, please refer to our [Tax Alert](#).

## **VII. Airport fee for the travelers crossing the Albanian border by airplane**

Based on article 11 of the Law on National Taxes, the Ministry of Finance and the Ministry of Transport and Infrastructure have published a joint instruction published in relation to the airport fees for crossing the Albanian border. The service fee is set in the amount of 10 euro and the traveler will pay this amount when purchasing the airplane ticket, regardless of the place or the way of purchasing it. All travelers have the obligation to pay this service fee when traveling abroad, except for the travelers on connection flights who do not cross the Albanian border.

Tirana International Airport is the responsible agent for collecting the fee and will retain 5% of the total amount collected from the airlines companies. This fee is VAT exempt.

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