



Fiscal experts in Mazars, bring you the next newsletter as a summary of changes/ legal additions and the latest legal announcements published in our country.

❖ Amendments to the law "On income tax"

Starting from July 1, 2022, the way of calculating the income tax, changes as follows:

Income from salary (ALL/ month)		Taxable income (ALL / month)		Tax rate (%)
From:	to (including):	From:	to (including):	
0	40,000	0	40,000	0%
40,001	50,000	0	30,000	0%
		30,001	50,000	50% * 13% of the amount over 30,000 ALL
50,001	More	0	30,000	0%
		30,001	200,000	13% of the amount over 30,000 ALL
		200,001	More	22,100 ALL + 23% of the amount over 200,000 ALL

Source: Official Journal no.195, dated 17.12.2021, Law 113/2021 dated 25.11.2021 for an amendment to law no. 8438, dated 28.12.1998, "On income tax", as amended.

The effect that is expected from this law is the relief of the tax burden for the needy who realize income from employment at the levels from 30,000 to 50,000 ALL, as well as the middle class with the level of income from employment from 150,000 to 200,000 ALL.

❖ **Changes in the instruction on the tax on the transfer of the right of ownership of immovable property**

The following amendments have been adopted in relation to the instruction on the tax on the transfer of immovable property ownership:

1. The definition for entities which are not subject to personal income tax from the transfer of ownership of immovable property changes. Thus, the following are not subject to "personal income tax" from the transfer of ownership of immovable property:
 - a. Entrepreneurs (constructor) in the field of construction, equipped with NIPT, regardless of status ("natural person" or "commercial natural person"), who build for sale;
 - b. Investors in the field of construction, who finance the construction product for the purpose of sale, in cases when they are registered in the National Registration Center (are equipped with NIPT) and have been assigned tax liability.

The above entities are payers of the local "tax" on the transfer of ownership of immovable property, according to the provisions of Article 28 of Law no. 9632, dated 30.10.2006, "On the local tax system", as amended.

2. Will be included in the category of entities that in addition to the local tax on the transfer of ownership of immovable property, will also have to pay personal income tax from the transfer of ownership of immovable property, entities located in the following conditions:
 - a. Investors in the field of construction, who finance the construction product, for the purpose of sale in cases when they are not registered with the tax authority (they are not equipped with NIPT) and have not been assigned tax liability;
 - b. Natural commercial persons, in cases when they have received this status and have been provided with NIPT at the moment they have started selling the construction product. Persons who benefit from the construction permit and the registration of assets in their name as individuals, if at the moment they start selling the construction product, they are provided with a NIPT, "natural person", they must also pay personal income tax from the transfer. of the right of ownership over the immovable property or the tax on the profit from the commercial activity;
 - c. Individuals, who have the construction permit, use / registration permit and construction registration in their name as individuals, but at the moment when they start the sale, they are provided with a NIPT "Natural person" and then close and continue the sale as individuals . These individuals must also pay personal income tax from the transfer of ownership of immovable property or profit tax from commercial activity."

3. Changes the determination of the purchase value for the sale of objects benefited from the exchange of land.
 - a. In case the exchanged land has been revalued according to the revaluation acts registered in Local Immovable Properties Registration Office (hereinafter referred to as “the ZVRPP”), as value in purchase (deductible value) will be taken the value of the land, according to these acts registered in ZVRPP;
 - b. In cases when there is no sale or purchase contract or revaluation act for the exchanged land, as the value of land per square meter given in exchange for the benefit of the residential / commercial / service area will be considered the value, according to prices per m2 of land given, in VKM no. 89, dated 3.2.2016, "On the approval of the land value map in the Republic of Albania", or the following bylaws, which approve the reference prices for the land per square meter.
4. The division of property into joint ownership will be subject to tax according to the mentioned instruction, only in cases when these two conditions are met simultaneously:
 - a. The in-kind division of property creates inequality of parts, within the meaning of Article 207 of the Civil Code; and
 - b. The value of the compensation of the ideal parts after the division, for the co-owners who do not participate in kind from the property, is greater than the value of these ideal parts at the time of the creation of the joint ownership.
5. State Cadastral Agency (herein after referred to as “the ASHK”) will take into account only once (for a completed transaction), the value of the sale of real estate for tax purposes which will be determined by persons licensed to assess real estate, in cases of sale of objects with a depreciation coefficient over 50%.

Source: *Official Journal no.192, dated 14.12.2021, Joint Instruction of the Minister of Finance and Economy and the State Cadaster Agency no. 15/1, dated 25.11.2021, for some changes in the instruction no. 29, dated 30.7.2018, "On the tax on the transfer of ownership of immovable property".*

❖ Extension of deadline for revaluation of immovable properties

Based on the normative act no.35 dated 24.12.2021 for some changes and additions to law no. 90/2019, "On the revaluation of immovable properties", as amended, extends the deadline for revaluation of immovable properties by individuals. The new deadline is set on April 30, 2022.

Source: *Official Journal no.202, dated 28.12.2021, For some changes and additions to law no. 90/2019, "Real estate revaluation", as amended.*

❖ For some additions and changes to law no. 92/2014, "On value added tax in the Republic of Albania", as amended.

Differs from exempt supply to supplies with reduced value added tax rates at the rate of 10%, supply of agricultural inputs, including fertilizers, pesticides, seeds and seedlings, with the exception of hormones

classified in codes 2937 of the Combined Nomenclature of Goods, The list of categories of agricultural inputs, according to this article, is determined by a decision of the Council of Ministers..”.

The value of investment contracts changed for which imports of machinery and equipment are exempt from VAT from 50 million to 500 million.

The compensation rate of agricultural producers varies from 6% to 0%.

Source: *Official Journal no.197, dated 21.12.2021, For some additions and changes to law no. 92/2014, "On value added tax in the Republic of Albania", as amended.*

❖ Addition to law no. 9920, dated 19.5.2008, "On Tax Procedures in the Republic of Albania", as amended

Except for the provisions of this law, the implementation of sanctions for administrative offenses related to the effective implementation of law no. 87/2019, "On the invoice and circulation monitoring system", as amended, will begin to apply after 30.06.2022, for taxpayers, as follows:

- Taxpayers registered with the simplified profit tax liability tax for small business, who are not registered for VAT and only make cash sales to final consumers, non-taxable persons;
- Taxpayers providing water supply to final customers as well as regulated electricity market;
- Banks or financial institutions for notification of e-Invoice payments issued by taxpayers.

Source: *Official Journal no.202, dated 28.12.2021, For an addition to law no. 9920, dated 19.5.2008, "On tax procedures in the Republic of Albania", as amended.*

❖ For some additions to law no. 9975, dated 28.7.2008, "On National Taxes", as amended

In articles 4, 5 and 6 of law no. 9975, dated 28.7.2008, "On national taxes", as amended, some additions have been made as follows:

Additions to national taxes	Tax levels	Tax agents
Tax on import and production of milk powder	100 ALL/Kg	for the tax imposed on import / production are the customs / tax authorities
Tax on import and production of homogenized beverages	16 ALL/Liter	for the tax imposed on import / production are the customs / tax authorities

Tax on import and production of milk whey	150 ALL/Liter	for the tax imposed on import / production are the customs / tax authorities
Tax on import and production of milk cream	150 ALL/Liter	for the tax imposed on import / production are the customs / tax authorities
Tax on fuel used as fuel for vessels for tourist and entertainment purposes, intended for use outside the Albanian territorial waters	40 ALL/Liter	customs authorities

Excluded from the payment of the tax for powdered milk, the tax for whey and the tax for milk cream, the factories for production and processing of milk and its by-products, which in the label approved by the National Food Authority have evidenced the amount in percentage of these products that are incorporated into the final product.

Source: *Official Journal no.197, dated 21.12.2021, For some additions to law no. 9975, dated 28.7.2008, "On national taxes", as amended*

❖ The list of excisable taxable goods in the Republic of Albania changes.

Pursuant to law 114/2021 dated 25.11.2021 For some changes and additions to law no. 61/2012, "On excises in the Republic of Albania", as amended, there have been some changes in the list of excisable goods. The updated list can be found at the link below:

<https://www.parlament.al/Files/ProjektLigje/20211126150946Ligj%20nr%20114%20dhe%20shtojca.pdf>

Source: *Official Journal no.195, dated 15.12.2021, For some changes and additions to law no. 61/2012, "On excises in the Republic of Albania", as amended*



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