

Tax alert

Ernst & Young Albania

Breaking Tax News: Albanian Parliament passes the tax amnesty bill

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Last week the Albanian Parliament passed the bill on fiscal amnesty for entities and individuals. The amnesty law will become effective 15 days after its promulgation in the Government Gazette, occurring once it is ratified by the President of the Republic.

In terms of contents, following changes were introduced in the version voted by the Parliament in comparison to the version initially submitted and discussed in our previous alert.

- ▶ The benefits of the law do not apply also for:
 - Funds obtained due to corruption in the private and public sectors or abuse of position.
 - Funds obtained from organized crime and trafficking
 - Entities controlled by persons, e.g. state officers, who cannot by themselves benefit from the law.
- ▶ The tax on the revaluation of real estate property reflected in the 2011 financial statements has become 3% (from 6%).
- ▶ The tax on the revaluation of machineries and equipment in the 2011 financial statements has become 5% (from 7%).
- ▶ Tax depreciation on the revaluation starts from 2011.
- ▶ Tax debts of small business and individuals concerning periods before 2011 are fully forgiven (in the previous version also 2010 was excluded).
- ▶ Tax debts of VAT registered taxpayers concerning periods before 2010 are forgiven if 30% of the principal amount, i.e. tax liability excluding penalties and default interest, is paid (in the previous version the taxpayer had to pay 50% of the principal amount).
- ▶ Tax debts of VAT registered taxpayers concerning 2010 are pardoned if 50% of the principal amount is paid (in the previous version 2010 was not covered).
- ▶ Custom debts concerning 2009 are forgiven if 50% of the principal amount is paid (in the previous version the taxpayer had to pay the full principal amount).
- ▶ Also, custom debts of 2010 are forgiven provided the taxpayer pays the full principal amount.

The provisions relating to the settlement of undisclosed tax, social security contributions and custom duty liabilities remain the same.

Also, our comments on what companies should be doing in 2011 to benefit from the amnesty remain the same.