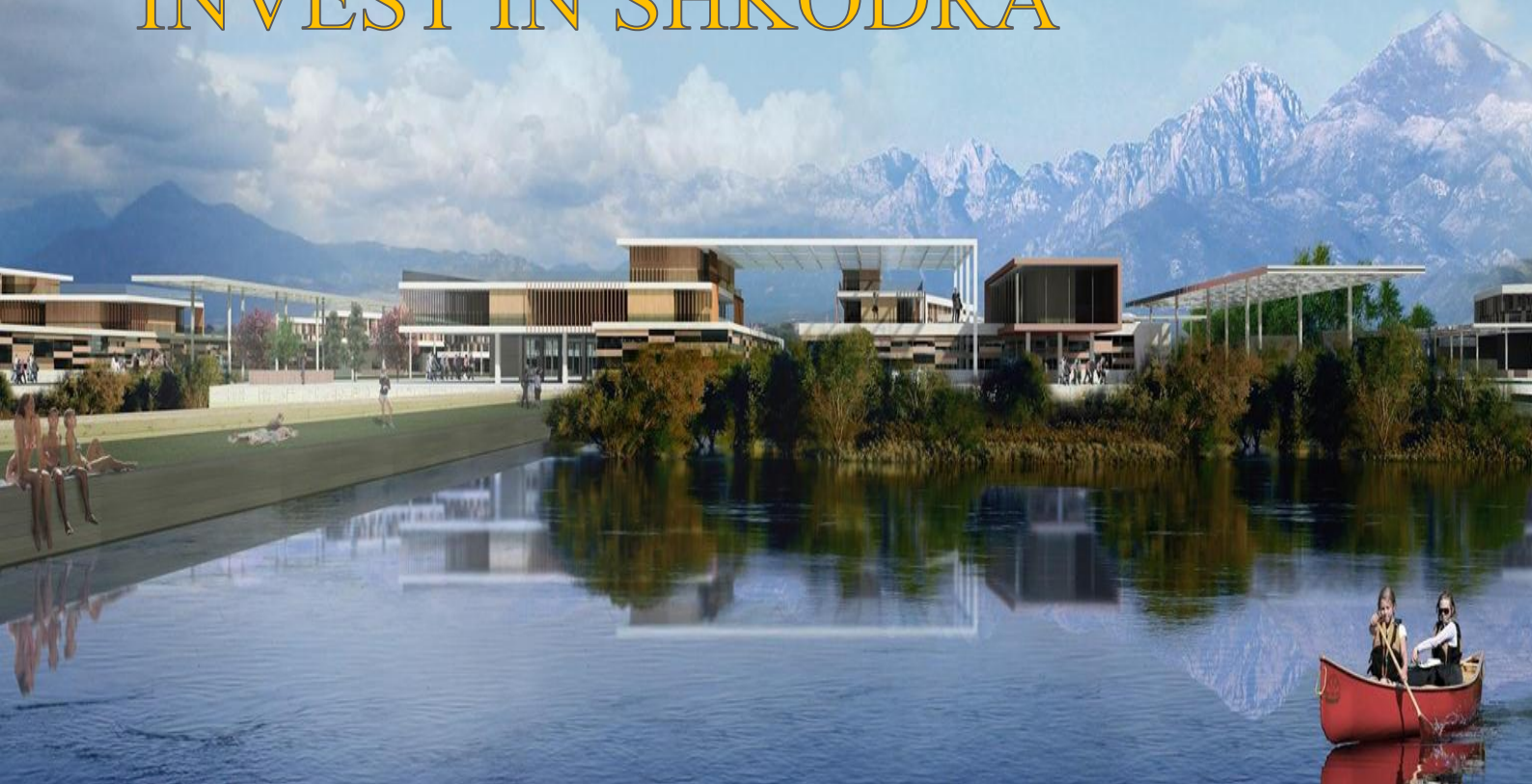




BASHKIA
SHKODËR

INVEST IN SHKODRA



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I. INTRODUCTION

After the implementation of Administrative Territorial Reform, the Municipality of Shkodra has grown in space what has determined a new role in the territorial management and development. In this context, it is crucial to make efforts to determine the directions that are necessary to follow in the future, by focusing on the existing resources. Thus, the main issue is translating a variety of challenging advantages into opportunities for investments, which would affect social economic development by enabling every territory to contribute in the welfare of the municipality.

The brochure “**Invest in Shkodra**” is conceived as a concise document and useful guidebook to attract foreign investors. This document represents the efforts of the municipality administration to coordinate horizontally local actors and vertically diverse tiers of governance on the sustainable economic development.

Economic growth and opening of job vacancies in economies in development depend on two main factors: attraction of foreign investors and development of SMEs. Promising business climate is fundamental for attracting foreign investments and for developing small and medium enterprises.

In this aspect the development policies of Shkodra Municipality will be focused on development of a living economy in the city and rural areas according to the complementary principle between the city and rural areas. For this reason, our initiatives will prompt self-employment schemes and creation of small enterprises, mainly for the groups with little or no experience in this field, such as the unemployed, the young and women.

We will support schemes that strengthen competition of the existing firms through networking, development, dissemination of innovation technology as well as marketing. We will continue to make use of traditional elements of local economic development such as zoning and developing industrial parks. Also instruments like promotion of enterprising, incubators and promotion of business clusters will be utilized.

The municipality will play an important role in enabling a friendly environment for investments and high living quality for the citizens through increasing employment opportunities.

II. GENERAL INFORMATION OF THE TERRITORY



II.1 ALBANIA

Surface area:	28.748 km ²
Population:	2.886.026 inhabitants (INSTAT January 2016)
Geographic position:	Albania is situated in the South East Europe and is bordered with Greece in the South, Macedonia (FYROM) in the East, Kosovo in the North - East, Montenegro in the North and the West border is shoreline of 316 km.
Capital:	Tirana
Political system:	The political system is Parliamentary Republic with a democratic political system, which holds elections once in four years.
Administrative division:	The new administrative division of Albania defines 61 Municipalities with 12 Regions. The Municipality of Shkodra is composed from 11 administrative units (1 city and 93 villages).
Official language	Albanian
Currency:	ALL
Ranking according World bank 2017:	58 th place
Climate:	Mediterranean climate with over 270 sunny days a year with average tem. 15.3°C
Time zone:	GMT +1



II.2 ECONOMIC SYSTEM AND LEGAL FRAMEWORK

Albania has recently conducted a series of economic and legislative reforms, the transformation of the local economy from a centralized system to a free market version and the opening of the markets and Albanian resources toward the world, especially towards Europe have changed the economic structure in national and local level. In this framework, the national legislation has been drafted as well with the support of the European Union and the USA, reflecting and respecting the basic principles of the Western democracies and free market economy.

The Albanian economy is continuously facing with economic growth challenges. The financial sector has grown quickly and crediting is done according to the market conditions. The banking system is characterized from the presence of foreign banks. This has led to a greater competition with a major availability of banking services. The Central Bank of Albania has increased liquidity, as a way to respond to the financial global crisis. According to the data of last January from INSTAT the value of the imported goods is 34.731.90 ml. ALL, and the value of the exports is 16.368.50 ml. ALL. According to “Doing Business 2017”, Albania has made progressive steps in improving business climate in the key areas of the regulatory business framework. According to the annual report of the World Bank Group Albania ranks in the 58th place.

Albania has a sustainable economic growth and is now part of the Integration Process with the European Union under the status of Membership candidate. The improvements in the regulatory framework of doing business reflected the performance of various reforms. During the transition period, Albania has made fundamental improvements in the regulatory framework in three main areas. It has become easier to obtain building permits once the moratorium has been removed; also provision of electricity has become easier by accelerating the process to obtain a new connection in the network. The improvement in the tax payment system has improved through the online system of declaring and paying taxes:

Albania is part of free trade agreements with:

- EU
- CEFTA Central Europe
- EFTA Europe
- Turkey
- USA (GSP generalized system of Preferences)
- Member of the WTO (rules and norms of WTO for Import and Export)

The reforms have resulted in major changes in the economic structure of the Municipality of Shkoder. Nowadays, it is still one of the main centers of economic development of Albania. Actually, the main sector of the economic structure are: trade/commerce; services; industrial and manufacturing and construction:

II.2 MUNICIPALITY OF SHKODRA IN FIGURES

Surface: 873 km²

Population: The number of the inhabitants of the Municipality of Shkodra is 203.633 with the mayor density in the city of Shkodra of 123.501 inhabitants. The administrative units with the major density of population are: Rrethina with 23.616 inhabitants and Shosh with 1,862 inhabitants the lowest.

Employment: The number of the employed in the Municipality of Shkodra is 25.058 persons from which

- 32 % in the public sector;
- 68 % in the private sector;

Enterprises: The total of enterprises in the Municipality of Shkodra is 5509 from which:

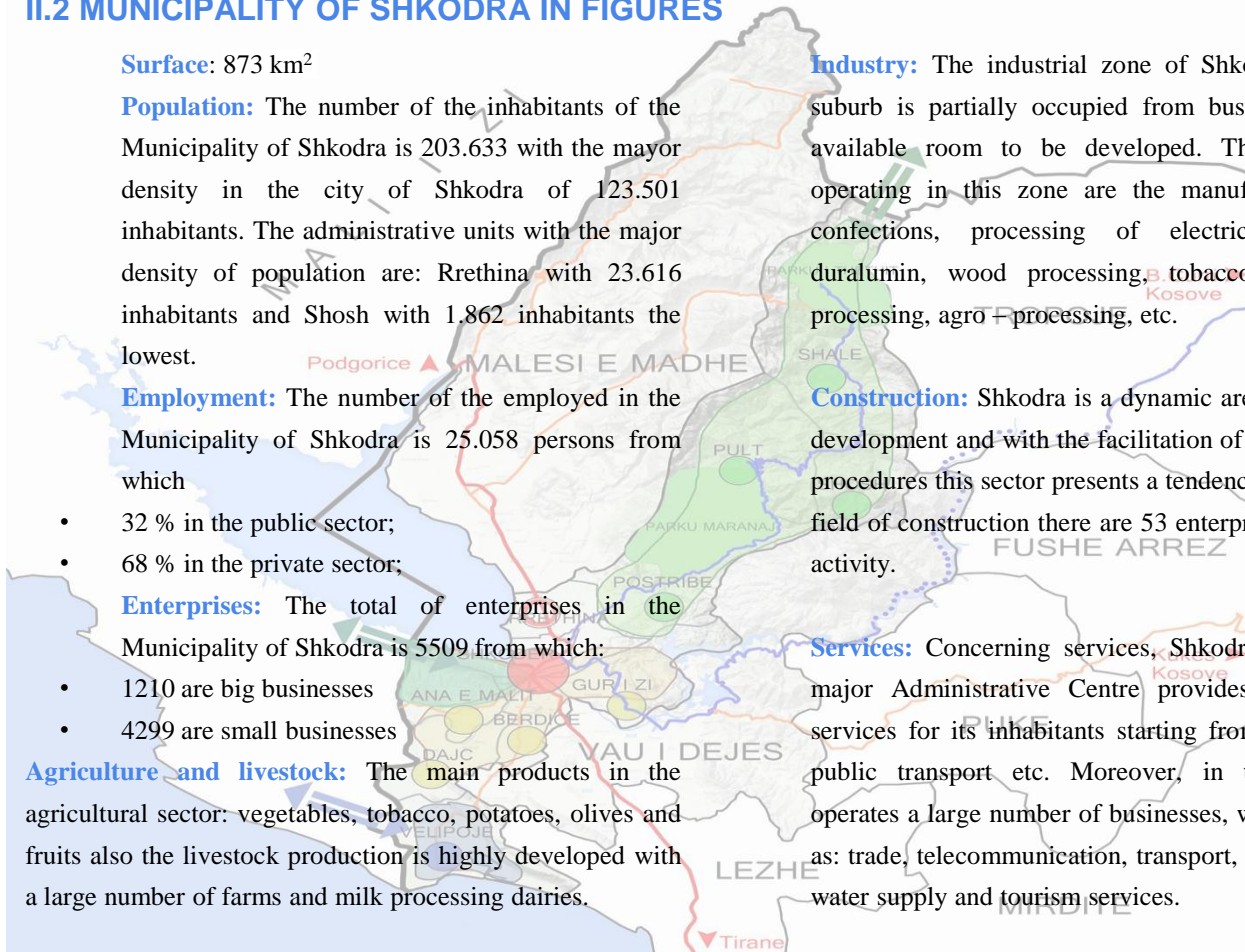
- 1210 are big businesses
- 4299 are small businesses

Agriculture and livestock: The main products in the agricultural sector: vegetables, tobacco, potatoes, olives and fruits also the livestock production is highly developed with a large number of farms and milk processing dairies.

Industry: The industrial zone of Shkodra situated in the suburb is partially occupied from businesses yet there is available room to be developed. The main businesses operating in this zone are the manufacturing shoes and confections, processing of electrical materials and duralumin, wood processing, tobacco processing, meat processing, agro-processing, etc.

Construction: Shkodra is a dynamic area with a continuous development and with the facilitation of the building permits procedures this sector presents a tendencies of growth. In the field of construction there are 53 enterprises exercising their activity.

Services: Concerning services, Shkodra municipality as a major Administrative Centre provides a wide range of services for its inhabitants starting from health, education, public transport etc. Moreover, in the services sector operates a large number of businesses, which offers services as: trade, telecommunication, transport, banking, energy and water supply and tourism services.



III. HOW TO ARRIVE IN SHKODRA



III.1 THE LINKS WITH ROADS, HARBORS AND AIRPORTS NETWORK OF THE MUNICIPALITY OF SHKODRA

The geographic position and the proximity to border crossing helps in the creation of a polycentric urban extension across the border with Montenegro connecting through the road, harbors and airports assets of Shkodra, Lezha, Shëngjin, Tirana, Durres, Podgorica, Bar and Ulcinj.

Roads:

Shkodra links with the Capital Tirana through the Nord - South corridor of Albania in distance of 98 Km. The connection with Kosovo through the National road is 170 km.

With Montenegro is connected through three cross borders: 12 Km to the Muriqan border, 35 Km to Hani i Hotit and 58 Km from the new border of Grabom.

Harbors:

The distance to the harbor of Shëngjin is 45 Km, this harbor is mainly used for the transport of goods and cargos.

The harbor of Durres, with daily trips to Italy and other countries, is 105 Km away from the city of Shkodra. In a distance of 48 Km there is the harbor of Bar in Montenegro.

Airports:

The only airport of Albania is “Mother Tereza” in a distance of 88 Km

The Distance to the Podgorica Airport, Montenegro, is 65 Km.

Table 1: Distance

SHKODRA	Distance (Km)
Tirana	98
Rinas “Mother Tereza”	88
Durres	105
Shëngjin	45
Vlora	226
Pristina	222
Bar (Montenegro)	48
Podgoricë (Montenegro)	56
Dubrovnik (Croatia)	178



Visas:

Concerning the residence in Albania the foreigners are divided in two categories - those who must provide a visa when crossing the border of the Republic of Albania and those who are exempt from this requirement. Foreigners wishing to stay in Albania for a long time (in any case longer than three months within a six months period); will be delivered a residence permit. The foreigners will work in Albania, only after receiving a work permit, unless otherwise provided by law. The foreigners, who travel from countries requiring a visa to enter, must in obtain one in advance from the Albanian embassy or consulate, before arriving in Albania.

III. 2 RESIDENCE AND WORK PERMIT

Residence and work permit are obtained in accordance with the legal requirements of the Law nr. 108/2013 amended, “for foreigners”. The residence permit is a document issued from the competent authorities, which authorize and allow the foreigner to stay in the Republic of Albania more than 90 days within 180 days. This permit unless otherwise provided by law or decision of the Council of Ministers, or with international agreement ratified by the Republic of Albania, provided for a period of: a) 3 months, 6 months or 1 year that can be renewed not more than 5 times in a row. b) 2 years, which may be renewed not more than once; c) 5 years according to this law; d) permanent, in the case that the foreigner has resided legally for 5 consecutive years in Albania and has a stable activity in the country.

WORKING PERMIT:

The foreigner may be employed in the Republic of Albania having a work permit, or with a certificate of working registration, except the cases otherwise predicted by law, with international agreements recognized by the Republic of Albania, or by unilateral decision of the Council of Ministers. The request for working permit for a foreigner can be made directly from the foreigner, with a legal permit in the Republic of Albania, or from the employer. The review of the application and the issuance of the work permit, when the required criteria of the legal framework are fulfilled, within 30 days from the application.

The designated authority for the issuance of those permits is the General Directorate of the National Service of Employment or the Regional Employment Directorate.

IV. WHY TO INVEST IN SHKODRA

IV.1 ECONOMIC STRUCTURE

Table 2: Economic structure

<i>Administrative unit</i>	<i>Large business</i>	<i>Small business</i>
<i>Shkodra</i>	959	3290
<i>Velipoje</i>	150	337
<i>Rrethina</i>	28	240
<i>Postriba</i>	14	88
<i>Guri Zi</i>	16	113
<i>Dajç</i>	3	53
<i>Bërdicë</i>	33	114
<i>Ana Malit</i>	7	41
<i>Pult</i>		5
<i>Shosh</i>		5
<i>Shalë</i>		13
<i>Total</i>	1,210	4,299

The Municipality of Shkodra continues to be one of the economic development center of Albania, this due the heritage, to the entrepreneurial spirit that characterizes the population and the geographic location. Shkodra city as a center of the northern development holds the role of the engine of the economic growth for all the administrative units.



Actually, the small and large enterprises are the main source of the economic income, but also the manufacturing, light industry and sectors of agriculture and livestock have large potential in generating income.

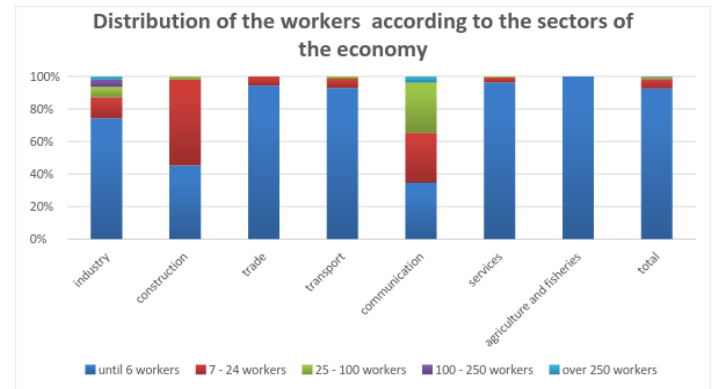
The presence of foreign enterprises have begins since the first 90, representing a constant presence in the private sector. The main businesses that contribute in the economic development are oriented in the manufacturing industry, processing of textiles, in commerce and service businesses. The services are an important part of the businesses that operate in Shkodra, thanks to the human capital and the local and foreign entrepreneurs that have found in Shkodra the right environment to develop their business.

IV.2 LABOR FORCES

Every person between 15 and 64 years (excluding the non-active persons as pupils, students, invalids etc.) is part of the labor force. The labor relations between the employer and the employee are determined from the individual contract, in the basis of the Labour Code of the Republic of Albania and the Law nr. 153//2013 “Civil Cervants”. For the first six months period of 2016, it results that the number of the employed in the Municipality of Shkodra is 25,058 persons, from which 8,021 in the public sector and 17,037 employees in the private sector. A higher number of employees work in Shkodra city, followed by the Administrative Unit of Rrethina. The administrative Units with the lowest number of employed are Postriba, Pulti, Shale and Shosh The structure of the employment by sectors referred to 2016 is:

- 32 % in the public sector;
- 68 % in private sector

Graphic 1: Distribution of the workers according to the sectors of the economy



Based on the preliminary data from the Regional Directorate of Employment for the year 2015—2016 it results that:

Table 3: Unemployed in search of job

	Situation in the end of the month			According to the age groups								According to the education					
	Total	Women	Household	Until 19 years	20 - 24 years	25 - 29 years	30 - 34 years	35 - 39 years	40 - 44 years	45 - 50 years	over 50 years	Less than elementary	Elementary	Secondary school	High school	Professional high school	University
Unemployed in search of job	7840	3489	2632	184	869	649	488	558	744	1210	3138	80	367	3695	2032	988	678

In the period 2015 - 2016 there have been registered as unemployed in search of a job 3489 women or 55 % of the total

IV.3 COMPETITIVE ADVANTAGES

Geographic position

The Municipality of Shkodra lies in the North - West of Albania in an area of 873 km², bordering in the North with the Municipality of Malësi e Madhe, in the North - West with Montenegro, in the East with the Municipality of Tropoja, in the South with the Municipality of Vau Dejës and the Municipality of Lezha. It is composed from 11 administrative local units (Shkodër, Ana e Malit, Bërdicë, Dajç, Guri i Zi, Postribë, Pult, Rrethina, Shalë, Shosh dhe Velipojë). With a diversified ecosystem Shkodra Lake, Buna River, Kiri River, and the mountain crown, close to the Adriatic sea and the nearest point of transit with the European Union markets.

Professional labour force with competitive salaries

The labour cost in Albania, and in Shkodra is still one of the lowest in the Region. Actually Shkodra has a high number of specialized labour forces this due to the presence of the vocational schools and various professional trainings. The young population, the presence of the university and the knowledge of foreign languages as Italian, English or German give another advantage for the foreign and local investors, that will find support in these human capitals. The average gross salary for an employee varies according to the company ownership and its legal form.

Natural Resources

The hydrographic system “Shkodra Lake - Drini River - Buna River” - gathers the water of the area in a surface of 19,582 km². This network includes: the Shkodra Lake, the river Drini and Buna, also Kiri and Gjader. In this context the delta of the Buna River with its characteristic alluvial islands represents a special environmental area. Viewed in terms of biodiversity and natural productivity, the hydrographic network of Shkodra has special and unique values.

Shkodra Lake - is the largest lake in the Balkans, with a surface of 368 km² from which 149 km² lies in the Albanian territory and the other part in Montenegro. In a scientific point of view and knowledge on the lake, the information on the biodiversity is rich being considered a biogenetic reserve with European importance.

Velipoja and its beach - Mentioning here the shoreline of 14 km large 300 m. The virgin sand with healing abilities as well as the clean water, make Velipoja, one of the most frequented beaches every year from foreign and local visitors. The decision nr.682, dated 2.11.2005 declare the Buna River and the wetland territories around “Protected Water/Land Landscape” including the Island of Franc Jozef, the Velipoja reserve, the Viluni lagoon, Baks - Rrjoll beach and the marshes of Domen, another advantage for the development of tourism in Velipoja.

The National Park of Thethi - The area of Thethi has a surface of 2.630 ha, from which 1.680 hectares are forestry and the other part is pasture and rocky surface. It is now declared “National Park” and is supervised by the Agency of the Protected Areas. Thethi is the only national park in the Region of Shkodra and the second largest in Albania after Dajti. It has 70 water sources, with high pure and qualitative water. The Flora and fauna of the area are very rich with 1100 types of plants accounting 1/3 of the plants species in the country.

The Municipality of Shkodra has a considerable surface of agricultural land with high quality.

According with the new territorial administrative reform, the forestry and pasture has been transfer to the municipality of Shkodra. From the total surface (including the protected areas) of 52520 ha, to the municipality of Shkodra has been transferred with VKM the surface of 43806 ha, from which: forestry 30992 ha, pasture 5377 ha, unproductive surface 5556 ha –bare land 1029 and forest vegetation 851.5 ha. In this area are present all categories of forestry as rare forest, dense forest, rare shrubs, dense shrubs, meadows and pasture, housing + nature. While in terms of production, Shkodra has a variety of crops that are produced in the municipality territory in various periods of time.



IV.4 SECTORS WITH DEVELOPMENT POTENTIALS

Rural development

Agriculture, livestock and forestry are the key sectors of the land use and management of the natural resources in the rural areas. Thanks to the large cultivable land and the good climate conditions this sector represents big opportunities in attracting investments taking account to the high quality of the production. About 43 % of the population in the municipality of Shkodra lives in rural areas that covers 98 % of the territory.

The fruits and vegetables chain value - There are present typical variety of figs, plums, pears, cherries; as for vegetables, okra (*Hibiscus esculentus*), Drishti onions, peppers and eggplants Oblike etc. The products are jam, dried varieties of fruits, canned vegetables, pickles etc.

The honey chain value – At municipality level there are identified numerous varieties of honey (chestnut, clover, heather, thyme and sage), along with variety of flower honey. The zones with high productive capacity of honey are Berdica, Dajçi, Postriba.

The forestry productive system - At municipality level there can be exploited the medicinal plants as sage, thyme, red juniper, etc. and forest products as forest fruits, chestnuts, acorns, pine etc. The productions of cultivated plants are scarce, compared to the regional potentials of a sustainable production.

The fishery chain value - Fishery is an important part of the economy of the population. Only in Shkodra Lake every year are caught 13.000 quintals of fish. In Shkodra there are a variety of sweet water fish such as Eel (*Anguilla*), Carp (*Cyprinus carpio*), Herrings (*Alburnus alburnus*), Mullet (*Mullus barbatus*), and varieties of the salted water of the Adriatic sea.

The olive chain value - The production of the olive oil is realized mainly for familiar use. The areas with the mayor productive capacity are: Postriba, Rrethina, Ana e Malit, Guri i Zi, Berdicë, Velipoja.

The wine and alcoholic drinks chain value - The production is low, comparing the regional potentials. The mayor part of the production is sold with stable prices in the local markets. There is a good quality of production, thanks to the processing techniques used. The growth of the production of grapes and wine presents another potential of development.

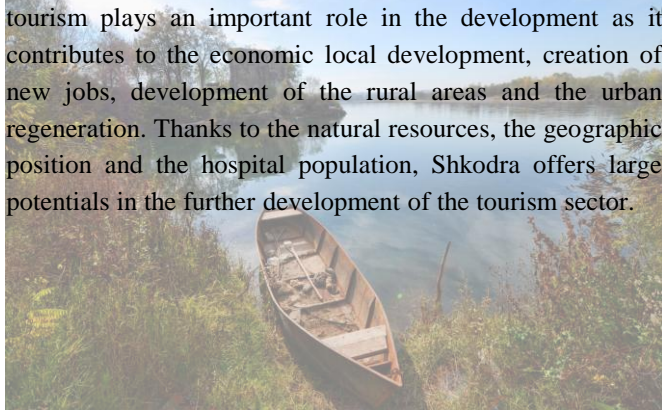
The milk chain value - The fresh raw milk is produced from cows, sheep and goats. Actually in the municipality operate 21 dairy processing factories. Based on the data in Shkodra Municipality the production of cow milk is higher than that of sheep and goats.

Tourism

Shkodra has large potentials for the development of tourism. The entire area is characterized by a variety of tourism attractions, from natural beauties to historical buildings and cultural identities.

Its favorable geographic position is undoubtedly a crucial asset for its tourist development. Human, cultural and historical traditions add more value to such potential. The main types of tourism are, mountain tourism, coastal and river tourism, lake tourism, city tourism based on the religious monuments, traditional houses and historical monuments in the city of Shkodra.

Tourism as an intersected activity is connected with a lot of economic activities and has an important impact in various sectors, offering services related to its development. The tourism plays an important role in the development as it contributes to the economic local development, creation of new jobs, development of the rural areas and the urban regeneration. Thanks to the natural resources, the geographic position and the hospital population, Shkodra offers large potentials in the further development of the tourism sector.



Economic zones

The promotion of the investments in these zones has the purpose of economic growth and revitalization of the old industrial zone. These investments adapted with the new requirements of development promote the economic growth, the improvement of the quality of life and the development of the local products.

The economic zones defined in the territorial strategy of the Municipality of Shkodra are:

- The former airport zone
- The industrial zone of Shkodra
- The axes Bahçallek bridge - Berdice as an economic axes
- The economic areas Municipality of Shkodra axes Shkodra- Koplík
- Road axes Shkodra - Ana Malit - Muriqan
- Economic areas axes Shkodra - Vau Dejes
- Road Shiroka - Zogaj
- The zone near the West bypass
- The zone of the centre of Shkodra
- The zone Velipoja - Rrjoll

One of the measures of the municipality for the creation of the possibilities of development of these areas will be the promotion and attraction of the local and foreign investors. Based on the General National Plan Shkodra is part of the Cross Border Region Podgorica-Shkodra and the economic region Shkodra-Lezha. These connective axes between three cities create a potential for the economic development of the Region.

IV.5 BANKING AND FINANCIAL SYSTEM

There are 14 banks of second level licensed by the Bank of Albania that operate in the Municipality of Shkodra, the majority of which operate by foreign capital. Banks operating in Shkoder municipality are divided in two levels:

- Central bank
- Commercial banks

Bank of Albania is the central bank and through other branches covers the entire country.

Commercial banks are banks of second level that are licensed by the Bank of Albania. These are intermediary of debt and interfere with adjustment in monetary exchanges

The principal services that may be offered to customers by banks are:

- Online services;
- Use of credit cards;
- ATM for money withdraw;
- Accepting Deposit;
- Bank Transfer;
- Financial Consultancy;

Commercial banks operating in the Municipality of Shkodra

- Raiffeisen Bank
- Commercial National Bank
- ABI Bank
- ALPHA BANK ALBANA
- Intesa
- Sanpaolo Bank
- ProCredit Bank

- [Credins BANK](#)
- [Tirana BANK](#)
- NBG ALBANIA BANK
- First Investment Bank Albania
- [Société Générale Bank Albania](#)
- [Veneto Bank](#)
- Union Bank
- United Bank of Albania

Financial institutions (non banks) are companies that perform financial intermediation and other activities, but are not deposit accept institutions.

List of financial institutions non-banks operating in the Municipality of Shkodra:

- AK - Invest Sh.a.
- NOA Sh.a.
- Fondi Besa Sh.a.
- FIN – AL Sh.p.k.
- FAF Sh.a

The insurance market is an important part of the financial system. These companies realize the process of providing individuals and businesses that do not want to be at risk, but it can pass at an insurance company. List of Insurance companies in the Municipality of Shkodra are:

- Sigma Vienna Insurance Group
- Sigal UniqaGroup sh.a
- Insig sh.a
- Intersig sh.a
- Eurosig sh.a
- Siced sh.a
- Atlantik sh.a
- Albsig sh.a.

IV. LEGAL FRAMEWORK OF DOING BUSINESS IN SHKODRA



V.1 BUSINESS REGISTRATION

Table 4: Procedures of business registration

Procedure	Duration	Cost
<p>Legal registration of the business in the National Centre of Registration: on the basis of law nr. 9723 “National Centre of Registration NCR” there is needed one day to be registered in the NCR. The registration can be done personally or online through e-Albania. The registration of the companies online requires an online submission. Actually, the majority of companies are registered in person. www.qkr.gov.al</p>	1 Day	100 ALL
<p>Registration of the employees in the Regional Directorate of Employment:</p> <ol style="list-style-type: none"> 1. The registration Certificate of the NCR and the employee declaration; 2. Submission of the salaries every 3 months keeping a duly signed copy; 3. The registered company/subject can download the registration form from the internet page http://inspektoriatipunes.gov.al/formulari-i-deklarimit/deklarime.shkoder@sli.gov.al 	1 Day	0 ALL
<p>Fiscal registration of the business in the Directory of Income and in the taxation institutions</p> <p>The National Registration Centre, within 24 hours from the registration of the companies/subjects advises the Directory of Income of the Municipality of Shkodra and the Regional Taxation Directory. In order to do the registration it is required:</p> <ol style="list-style-type: none"> 1. One copy of the number of identification (nui) from NCR. 2. One copy of the extract of NCR 3. One copy of the identity card 4. Ownership documents 5. Photocopy of the rent contract of the location, attached the layout of the facility and its meter square. 6. Photocopy of the ownership document if you are the owner, attached the layout of the facility <p>In the occasion of commercial companies called large business:</p> <ol style="list-style-type: none"> 1. The foundation act of the Society 2. The Company Status 	1 Day	100 ALL

Business transfer

The forms of business registration according to the Civil Code of Albania are: buying, selling, donation, in heritage.

Transferring of name and responsibility of business

According to the law “for traders and trading companies”, the person, to whom is transferred the business activity or a trading society, can continue to use the registered name or its distinctive signs. If the registered name or the distinctive signs of the activity are still used, the new owner of the activity inherits all the previous obligations.

Cases of dissolution of companies

- The law “for traders and trading companies” determines the causes of dissolution of companies in the following cases:
- Expiring of the period for which it has been established;
- Decision of the General Assembly members;
- With the onset of bankrupt procedures;
- By decision of the Court (compulsory liquidation);
- If there has not been a trade activity for two years and there has not been announced the suspension of activity according to law “for NCR”;
- And, in the other cases specified in the company status;

Bankrupt

Dissolution of the company has consequence the liquidation procedures in the state of insolvency, except the cases when a bankrupt procedure has begun. The purpose of the bankrupt procedures is the liquidation of the obligations toward the others. In the large companies the liquidation is done for all the partners or from an elected person. The Court is responsible for the procedural ongoing of the bankrupt procedures, deciding in relation with:

- Opening of the procedures;
- Temporary security measures;
- Election of the bankrupt administrator.

V.2 TAXATION AND FEE SYSTEM

Taxation system

Tax legislation in the Republic of Albania is composed by the a) international agreements ratified from the Parliament; b) tax law c) acts, adopted on the bases of the tax law. Full information can be found in www.tatime.gov.al Natural persons or legal entities that perform their activity in the Republic of Albania are subject of the following tax:

Table 5: Taxation system

Tax	Taxation level
Profit tax	15 %
Personal income tax	0 %, 13 %, 23 % (progressive taxation)
Source tax	15 %
Value added tax	0 %, 20 %
Tax on immovable property	Taxation level is from 5 – 400 ALL/m ² /year according to the type of the building and location. The level of taxation for the agricultural land is 700 – 5600 ALL/ha/year
Excise duty	Levied on products as: coffee, alcoholic drinks, beer, wine, tobacco and its under products, oil and its under products, fireworks, tyres, cells, incandescent lamps.

Table 6: Tax on personal income from Labour and other Payments

TAXABLE INCOME	MONTHLY INCOME (ALL)	TAX RATE (%)
Over (ALL)	Up to (ALL)	
0	30 000	0 %
30 001 +	130 000	13 % of the amount over 30 001 ALL
130 001 +	And more	23 % of the amount over 130 001 ALL

Dividend and other taxable income

Dividend, profit shares, incomes from loans, deposits or other similar contracts, incomes from the intellectual property ownership, rents and other similar contracts are taxed at rate 15 %.

Tax on Source

All the residents of the Republic of Albania, central and local institutions, non - profit organization and any other entities recognized by the law in force, are constraint to withhold the taxation at source at 15 % from the gross amount of the following payment generated from a source in the Republic of Albania:

Profit tax rate	15 %
Capital Gains Tax Rate	15 %
Branch Office Tax Rate	15 %
Withholding Tax	15 %
Dividends	15 %
Interest	15 %
Royalties from patents, intellectual property etc.	15 %

Table 7: Corporate tax rate in Albania

Tax on small business

Tax on small business is paid in 4 equal rates. The first rate is paid until the 20 april, the second one not later than 20 july, the third one not later than 20 october and the fourth not later than 20 december. The place and the way of payment is defined with special law instructions.

Table 8: Tax on small business

Annual turnover	Tax rate
Annual turnover from 0 to 2 million ALL (0 – 14 000 Euro)	Fixed annual tax obligation 25 000 ALL (180 Euro)
Annual turnover from 2 to 8 million ALL (14 000 – 56 000 Euro)	Simplified income tax 7.5 %

Tax on profits

The payment of this tax is done, not later than the 15th of every month, taking in account the next month.

The final calculation of the tax on profits is based on the factual data included in the tax declaration and other supportive documents, as the balance and its annexes.

Transferring pricing rules

The transferring of profits is applicable in the cases of companies or enterprises owned from the same person that operates in two or more countries with different tax rate. These companies have the rights to transfer their profits in the state where the taxation rate is lower.

Value Added Tax TVSH

The law 92/2014 “for Value Added Tax”, amended is subject for a) all the supplies with goods and services performed against payment within the territory of Albania, by a taxation person; b) all the imported goods in the territory of Albania. For the tax payers that offers services such as: lawyers, notary, doctor, specialized dentist, pharmacists, veterinarian, architect, engineer, laboratory-doctor, projector, economist, accountant, property evaluators, as well as other economic services in the field of the tourism, despite the yearly circulation, the minimum level for registering for VAT does not exist, and all are subject to VAT. VAT is applicable on sales of goods and services or the import of goods at a standard rate of 20%. VAT is applied in 0 % rate in the following cases:

- The supply of goods exported outside Albania.
- The supply with goods and services connected with the international transport of goods and passengers.
- The supply with goods and services connected with commerce and maritime industry.

All the natural or legal persons that performs import-export activity are obliged to register for VAT purposes, regardless of their annual turnover amount.

Excise duties

Law 180/2012 “for amendment in law 61/2012 for excise in the Republic of Albania”:

The excise tax for tobacco is:

- ALL 5500/1000 pieces, from 1 January, 2016
- ALL 6000/1000 pieces, from 1 January, 2017

Excise tax for alcoholic drinks (not beer) wines, champagnes, fermented beverage and intermediate alcoholic beverages is 5200 ALL / HL .

For local and foreign beer in quantities lower than 200 000 HL per year, 360 ALL / HL / alcohol degree.

For local and foreign beer in quantities higher than 200 000 HL per year, 710 ALL / HL / alcohol degree.

Tax on immovable property

Tax on immovable property is a local tax. According to the Albanian Law, the immovable property include: buildings and agricultural land. Subject to this tax are all the natural or legal persons local or foreigners owner of a property in Albania.

Table 9: Building tax rate

Residence buildings	Unit	Building tax rate Shkodra	Building tax rate Adm. Units
Built before 1993	ALL/m ² /year	9	5
Built during and after 1993	ALL/m ² /year	9	5
Building owned by the construction companies unsold but registered as residence building	ALL/m ² /year	9	6
Second residence buildings	ALL/m ² /year	18	10

Table 10: Tax rate on agricultural land

Average category of the agricultural land	Units	Tax rate on buildings
I	ALL/ha/year	2940
II	ALL/ha/year	2450
III	ALL/ha/year	1960
IV	ALL/ha/year	1610
V	ALL/ha/year	1330
VI	ALL/ha/year	1120
VII-X	ALL/ha/year	980

Table 11: Tax rate on land

Tax on land	Unit	Tax rate on land
For residence purpose for individuals	ALL/m2/year	0,42
For business purposes	ALL/m2/year	18

Table 12: Tax rate for buildings owned or in use in territories approved as touristic villages

Building	Unit	Taxation rate on buildings
Building owned or in use in territories approved as touristic villages	ALL/m ² /year	Shkodra 200 Other Adm. Units 200

Table 13: Tax on other buildings

Other buildings	Units	Tax rate on buildings	
For commerce and services	ALL/m ² /year	Shkodra 270	Adm. Units 120
Others: here there are included: - Building owned by nonprofit organizations, foundations. - Buildings for handcrafted activity, social cultural, education and research. - Amortized objects, ruined or damaged objects of the state enterprises or private ex state enterprises with no activity, etc.	ALL/m ² /year	54	24
Building used for productive activities	ALL/m ² /year	105	53
Buildings owned by construction companies, unsold but registered as business building	ALL/m ² /year	210	105

LOCAL TAX & FEES

Table 14: Simplified taxation on profits for the small business

Tax rate	Unit		
Annual turnover from 0– 5.000.000 ALL	ALL/year	Shkodra 0	Other Adm. 0
Annual turnover from 5.000.001 – 8.000.000 ALL	ALL/year	5 % of profit	5 % of profit

Table 15: Tax on hotel accommodation

Tax on hotel accommodation	Unit	Accommodation tax rate
Hotel with 4-5 stars	ALL/night stay/person/ALL	175
Hotels, dormitory, motel and every other accommodative unit, according to the law specification.	ALL/night stay/person/ALL	70

Table 16: Tax on infrastructure impact from new buildings

Types of buildings and investments	Tax rate of the infrastructure impact
Constructions for residence purposes or service units of construction companies, that are not intended for tourism purposes, industry or public use	All Municipality of Shkodra 4 % of the value of selling for m ²

Table 17: Parking fee for vehicles

Parking fee every licensed vehicle	Unit	Fee
Parking fee (in streets or approved areas)	ALL/hour/vehicle	50
Vehicles (annual subscription for parking in the approved areas)	ALL/year/vehicle	1.500

Table 18: Parking fee for every licensed vehicles

Parking fee for every licensed vehicle	Unit	Fee
Taxi (4+1)	ALL/year/vehicle	3.500
Passenger transport Freight transport	ALL/year/vehicle	6.500
Personal For third parties	ALL/year/vehicle	3.000
Buses	ALL/year/parking place vehicle	16.000
Trucks		
Up to 3,5 tons	ALL/year/vehicle	1.900
3,5 up to 8 tons	ALL/year/vehicle	2.900
8 up to 14 tons	ALL/year/vehicle	3.900
over 14 tons	ALL/year/vehicle	4.500

Table 19: Table tax rate

Tables category	Unit	Municipality of Shkodra
Tables for identification purposes, over 2 meters square, embedded in the surface of the building or within the territory where the business activity takes place and not used to advertise activity of third parties. Such tables must have the name and / or the type of the activity of the company	ALL/m ² /year	45.000
Tables for identification purposes outside the territory where the business activity takes place in the forms and dimensions of the orientation signals tables.	ALL/m ² /year	120
Table for advertising purposes, mobile and stationary: Simple table	ALL/m ² /year	22.500
Table for advertising purposes, mobile and stationary: Electronic tables	ALL/m ² /year	45.000
Table in the purpose of various opened exposure, fairs, shows, stands, advertising banners etc.	ALL/m ² /year	1.000

Table 20: Cleaning fee and waste disposal for businesses

III businesses	BUSINESS	Small	Large businesses
Trading and service units in the Administrative Unit Shkodra		10.000	30.000
Trading and service units in the other Administrative Units			
10 Administrative Units		5.000	30.000
Trading Units for the commerce of fuel			45.000
Production Units			
Production Units in Adm. Unit Shkodra		10.000	60.000
Production Units in the other Adm. Unit Shkodra		5.000	30.000
Construction subjects			70.000
Construction subject in all the Adm. Units			
Construction subjects according to the investment and duration of the construction site			Lekë/kantier/vit
<i>For investment values up to 5.000.000 ALL</i>			20.000
<i>For investment values 5.000.001-15.000.000 ALL</i>			40.000
<i>For investment values 15.000.001-25.000.000 ALL</i>			60.000
<i>For investment values 25.000.001-50.000.000 ALL</i>			80.000
<i>For investment values 50.000.001-100.000.000 ALL</i>			100.000
<i>For investment values 100.000.001-200.000.000 ALL</i>			150.000
<i>For investment values over 200.000.000 ALL</i>			200.000
Associations, Foundations, diverse state entities, non-governmental organizations			
Administrative Public Institutions			5.000
other non-profit organizations			3.000
Free Professions		5.000	10.000
AMBULANT			
Subject that does not have a stable location, taxies, ambulant trade of goods in public and private markets.		2.500	

Table 21: Lighting fee for businesses

Lighting fee for businesses	Unit	Fee
Small business Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	2.000
Large business Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	5.000
Fuel station Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	7.000
Free professionals Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	2.000
Transport business Adm. Unit Shkodra, Velipoja beach,	ALL/year/unit	2.000
Construction subjects	ALL/year/unit	6.000

Table 22: Greening fee for businesses

Greening fee for businesses	Unit	Fee
Small business Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	2.000
Large business Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	5.000
Fuel station Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	7.000
Free professionals Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	2.000
Transport business Adm. Unit Shkodra, Velipoja beach	ALL/year/unit	2.000
Construction subjects	ALL/year/unit	15.000



V.3 CUSTOM SYSTEM

Albania is member of the WTO (world trade organization) since 2000. The custom tariffs are defined according the Combined Nomenclature Classification of Goods with 8-digit level. This classification is fully compliance with the Nomenclature Classification of Goods used from the European Union. The custom tariffs applied are: 0%, 2%, 5%, 6%, 10% and 15%.

In accordance with the Free Trade Agreements Albania applies:

Preferential import tariffs with the countries part of CEFTA, EFTA, European Union and Turkey. For the industrial products (chapter 25-97 of the nomenclature classification of goods) these tariffs are 0%, meanwhile for the agricultural products is in compliance with the specific agreements.

Favorable tariff treatment, from which certain goods may benefit due to their nature and particular use, it is subject to specific conditions specified in the provisions for the implementation of the Costume Code.

Value Added Tax (VAT)

Imports

VAT is calculated, applied and paid in the moment that the goods enter the territory of the Republic of Albania. This tax rate is 20% of the taxable amount.

Exports

VAT is applied in 0 % for the goods that are exported from the Republic of Albania.

VI. PROPERTY RIGHTS



Restriction on the acquisition of property

Law no. 8743 dated 22.02.2001 “On State property”, makes the difference between the state property and the public property. “immovable state property” is meant the immovable local or state property, while the immovable public property is meant the part of properties of the state that fulfill basic and indivisible state functions generating benefits for the public.

The administration of the immovable property

The administration of the immovable property from the state institutions and from the other governmental units is made in accordance with the law in force and the Civil Code.

Lease of the real estate properties

Foreigners can freely lease real estate, in accordance with the special provisions of the Civil Code and specific legislation. The Albanian Civil Code provides for no minimum period requirement for the lease but a maximum of 30 years, unless otherwise provided by specific law.

Table 23: Tax on the ownership transfer of the real estate

Buildings categories	Unit	Municipality of Shkodra
Residence buildings	ALL/m ²	300
Other buildings for trade and services	ALL/m ²	700
Other buildings	ALL/m ²	500

Registration of real estate

Based on Law no. 33/2012 “On Registration of Real Estate” the ownership right and other real rights on land and buildings should be registered with the related register. These registers are open to the public and contain all the data of the real estate.

Taxation for the ownership transfer of the real estate

The transfer of the real estate is subject to the taxation for the transfer of the ownership that is paid from the seller. The amount of the taxation depends from the type of the property and its location. The ownership taxation of the land is calculated according to the area where the land is located.

The payment of the tax for the ownership transferring

The tax for the ownership transferring will be paid before the registration of the transferring of the real estate in the related registers. The transferring of real estate is excluded from VAT; the taxation is payed by the seller that is natural person and is calculated as the 15 % of the gained capital (that is the result of the difference between the selling price and the buying price of the real estate).

VII. LABOR MARKET REGULATION IN ALBANIA

Albania is one of the 182 member states of the ILO. Albania was a member of the ILO from 1920 until 1967, and then again from 1991. As a member State of ILO, Albania has the right to fully participate in the activities of the Organization and to send representatives to the International Labour Conference each year.

Legal framework *The main legal acts regulating labor relationship in Albania are "Labour Code of the Republic of Albania" (amended), Law no. 7995, dated 20.9.1995 "On employment promotion", Law no. 8872, dated 29.3.2002 "On education and vocational training in the Republic of Albania", Law no. 10237, dated 18.2.2010 "For the safety and health at work", Employment promotion programmes and Strategy for Employment and Skills 2014-2020.*

- a. Employment contracts** Labor relationships between employers and employees are regulated by contracts, according to the Labor Code of the Republic of Albania. The contract of employment is an agreement between the employers and the employees, which regulates the labor relations, and contains the rights and obligations of both parties. The contract of employment is entered into:
- b. For an undefined duration.
 - c. For a defined duration.

As a rule, the contract of employment is signed for an undefined duration. The signing of a contract of employment for a defined duration must be justified through objective reasons, otherwise this contract will be considered as of undefined duration.

b. Duration of work By duration of work is meant the time during which the employee is at the disposal of the employer. The normal daily duration of work is no longer than 8 hours. For the employees under 18 years of age, the daily duration of work is no longer than 6 hours a day. The normal duration of the weekly working time is no longer than 40 hours. Every working hour taking place from 19 o'clock until 22 o'clock will be paid not lower than 20 per cent of the salary and every working hour taking place during the interval between 22 o'clock and 6 o'clock in the morning will be paid not lower than 50 per cent of the salary. In cases that the circumstances require extra hours of work, according to the Labor Code, the employee must not perform overtime when working more than 50 hours per week. The overtime must be paid with a bonus of 25% of the regular rate or may be compensated with holidays.

c. Duration of holidays The weekly holidays are not shorter than 36 hours, out of which 24 hours without interruption. As a rule, work is prohibited on official red-lettered days. The employee enjoys the right to payment official red-lettered days. When the red letter day falls on weekly holidays, Monday will be a holiday. The duration of the annual vacations is not less than 4 calendar weeks during the continuing year of work.

The work done on Sunday or on other official holidays shall be compensated with a wage increase not less than 25% or with a leave from duty equal to the duration of the performed job plus an additional leave from duty not shorter than 25% of the duration of this job, which will be taken one week before or after it has been carried out. In the case of the marriage or death of any of the spouses, of his/her direct predecessors and descendants, the employee benefits 5 days of paid leave. In the case of the serious sickness of his/her direct predecessors or descendants, which is certified by medical report, the employee benefits not more than 10 days of paid leave.

d. Wage fixing By wage is meant the basic salary including its increases of permanent character. The compensation that the employee receives for the expenses occurring because of his/her professional activity will not be considered as constituent elements of the wage. The employer gives the same salary to both women and men who carry out jobs of equal value. The salary may not be lower than the nominal wage fixed by the Decision of the Council of Ministers. The minimum wage for employees who have an employment contract at national level is ALL 22.000 and the maximum wage for employees is ALL 46.829.

e. Termination of employment contracts For the termination of the labor contract is taken into consideration whether the contract is related to indefinite definite duration. The contract of defined duration will expire at the end of the envisaged time, without preliminary termination. The contract of undefined duration will end, if one of the parties terminates it, or if the notice deadline expires.

The labour code has foreseen two ways for the contract termination:

- normal termination (by respecting the terms and the procedures defined)
- immediate termination of contract (without respecting the notice deadlines)

In case of termination of an employment contract for an unlimited period, the parties notify each other through providing written notice of:

- One month during the first year of work;
- Two months if the employee has worked for the entity for between two to five years;
- Three months if the employee has worked for the entity for more than five years.

f. Employment tax, social and health insurance

According to Law No.7703, dated 11.05.1993 “On Social Security in the Republic of Albania”, and the Law no. 184/2013 dated 28.12.2013, employers and employees are required to make mandatory contributions to social and health care security system.

Contribution Rate	Social Security	Health Insurance
Paid by employer	15%	1.7%
Paid by employee	9.5%	1.7%
Paid by self-employed persons	23%	3.4%

VII. INTELLECTUAL AND INDUSTRIAL PROPERTY

The intellectual property

The intellectual property in the Republic of Albania is represented by Law no. 9380, dated 28.04.2005 "On copyright and related rights". This law applies to works of literature, art and science. Protection of copyright/The copyright law in Albania is/be granted automatically, without registration by the authors.

The Albanian Copyright Office acts as a depositary where authors can register their works. Businesses publishing their work for the first time in Albania benefit from automatic copyright protection.

Industrial property

Law no. 9947 dated 27.04.2008 "Industrial Property" regulates the provision and protection, patent and utility model (for the protection of inventions), industrial designs registered trademarks and service marks and geographical indications. In order to obtain/get protection in Albania, these rights must be registered with the General Directorate of Patents and Trademarks. Design and brands may be registered at European Union level. The protection is granted to industrial designs according the law.

COST OF GENERAL SERVICES

Energy & water

Table 24: Cost of Energy

Energy levels	Price ALL/kWh
Clients with 35 kv	9.5
Clients with 20/10/6 kv	11
Bakeries and flour production with 20/10/6 kv	9.1
Clients with 0.4 kv	14
Bakeries and flour production with 0.4 kv	9.6
Families	9.5
Consumes of energy in the commune locals	9.5
Commission fee for the count of electricity (All/month)	200

Table 25: Approved tariffs in water supply service

Clients categories	Fixed fee	Water fee	Kuz fee
Familiar	100	40	15
Private entities	100	110	20
Budgetary institutions	100	110	20

Telecommunication

The market liberalization has created the possibilities to develop the telephony and internet services

Abcom www.abcom.al
 Abissnet www.abissnet.com.al
 Albtelekom www.albtelecom.al
 Vivo www.vivo.al
 Telekom www.telekom.com.al
 VodafoneAlbania www.vodafone.al
 Eagle Mobile www.albtelecom.al
 Plus Communication www.plus.al

Table 26: Cost of materials

Material	Price
Washing machine sand	1743 All/m ³
Machine ballast	1278 All/m ³
Cave stone	911 All/m ³
Slaked lime	7872 All/ton
Quality concrete production	4144 - 7271 All/m ³
Concrete pipes D = 200 mm x 1 m	775 All/m
Concrete blocks with holes 25 x 20 x 40 cm	69 All/pcs
Bricks sap h=24 cm	45 All/pcs
Imported bricks	28 All/pcs
Light holes bricks	28 All/pcs
Plain metal construction	135111 All/ton
Periodic concrete iron D=6-10 mm	113157 All/ton
Periodic concrete iron D > 12 mm	103498 All/ton
Marseille imported tiles	70 All/pcs
Local tiles	45 All/pcs



BASHKIA
SHKODËR