

BOGA & ASSOCIATES

LEGAL • TAX • ACCOUNTING

A PRACTICAL GUIDE
on Doing Business in Albania

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BOGA & ASSOCIATES AT A GLANCE!

Boga & Associates, established in 1994, has emerged as one of the premier law firms in Albania, earning a reputation for providing the highest quality of legal, tax and accounting services to its clients. Boga & Associates also operates in Kosovo (Pristina) offering full range of services. Until May 2007, the firm was a member firm of KPMG International and the Senior Partner/Managing Partner, Mr. Genc Boga, was also Managing Partner of KPMG Albania.

Our firm's particularity is linked to the multidisciplinary services it provides to its clients. Apart of the wide consolidated legal practice, the firm offers also a significant expertise in tax and accounting services with a keen sensitivity to the rapid changes in the Albanian and Kosovar business environment.

Boga & Associates is continuously ranked by Chambers and Partners as 'top tier firm' for Corporate/Commercial, Dispute Resolution, Projects, Intellectual Property, Real Estate, as well as by IFLR in Financial and Corporate Law. The firm is praised by clients and peers as a *"law firm with high-calibre expertise"* and is distinguished *"among the elite in Albania"* and as *"accessible, responsive and wise"*.

Areas of practice

LEGAL: Commercial, Corporate, Mergers and Acquisitions, Banking and Finance, Competition, Employment, Construction, Telecommunication, Oil and Energy, Procurement, Environment, Real Estate, IP, Litigation, etc.

TAX: Tax Advice, Compliance, Audit, Litigation.

ACCOUNTING: Accounting, Bookkeeping and Payroll.

Languages spoken: Albanian, English, French, Italian.

REGISTRATION OF A BRANCH OFFICE

General overview

Documents to be filed

Terms, legalization process and official fees

Other registrations and declarations

GENERAL OVERVIEW

A foreign company may organize its business in Albania through establishment of a branch.

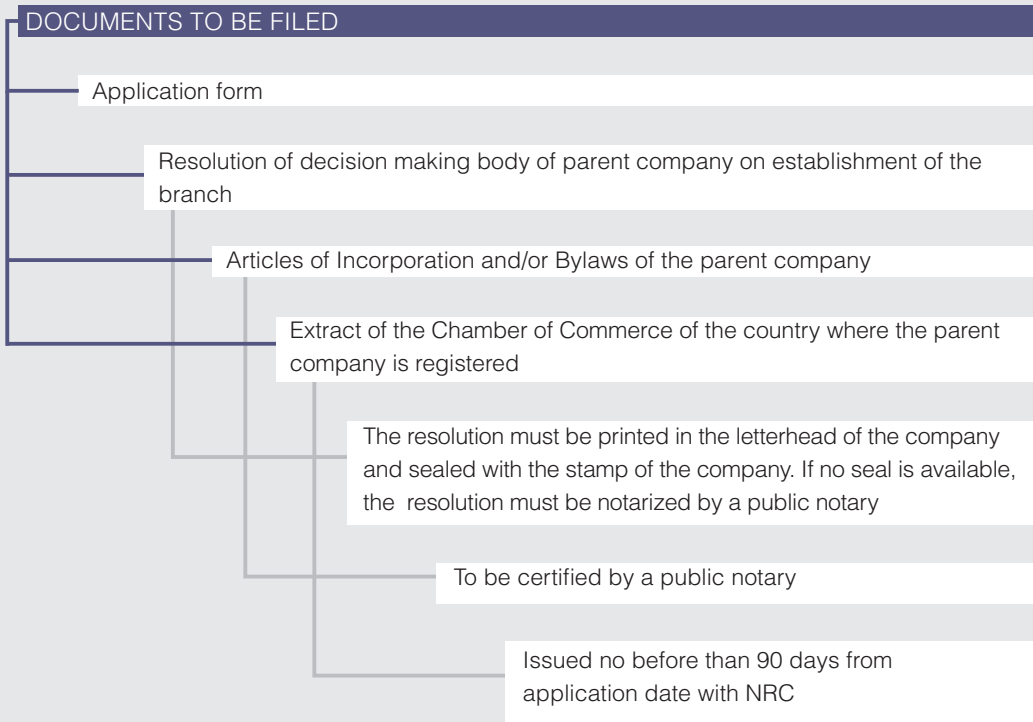
Considering that the parent company and the branch have the same legal personality, there are no capital requirements (the parent company may allocate to the branch the funds considered opportune and appropriate for the branch to conduct its activity in Albania).

The branch is managed by one or more managers, foreigner or Albanian.

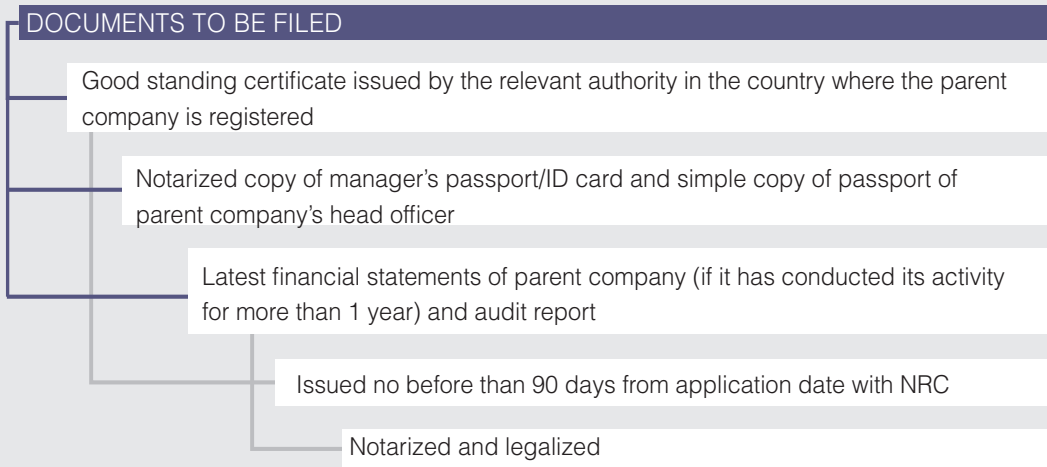
Registration with the Albanian Commercial Register kept by the National Registration Center (NRC) implies also registration for tax purposes.

Upon completion of the procedures of registration, the NRC issues to the branch the business number (which is also used as tax identification number) and the certificate of registration.

DOCUMENTS TO BE FILED



DOCUMENTS TO BE FILED



TERMS, LEGALIZATION PROCESS AND OFFICIAL FEES

The application form along with the above documents must be filed before the effective commencement of the activity (i.e. from the date of signature of the resolution on establishment); otherwise, a penalty in the amount of ALL 15,000 (approx. EUR 110) applies.

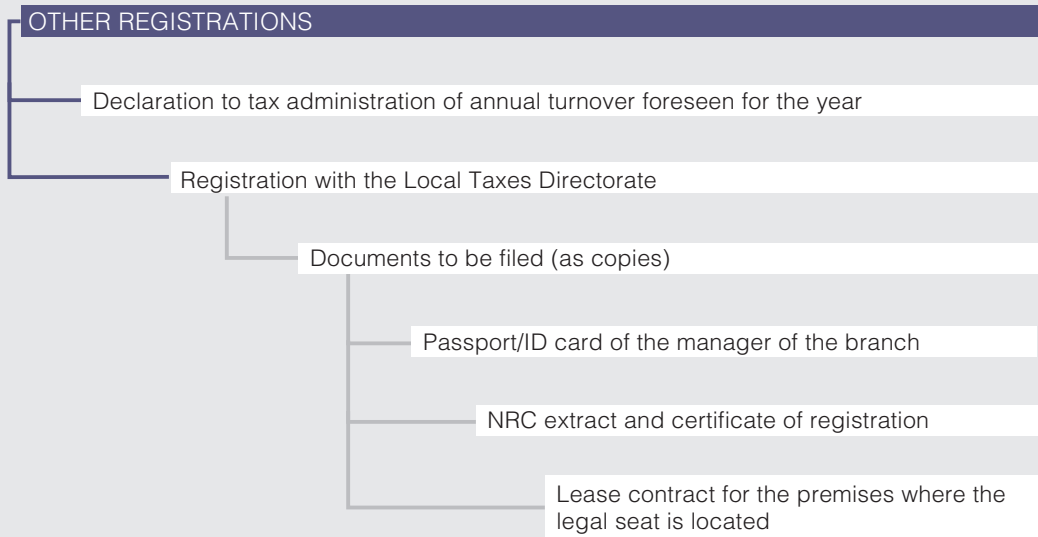
All the documents presented for registration purposes with Albanian public authorities, in foreign language and executed abroad or issued by foreign public authorities, should be in original or certified true copies (only one original or certified copy is needed). In addition, the documents should be legalized (with apostille) in accordance with the Hague Convention of October 1961 if the country of residence of the foreigner has ratified such Convention and has not expressed any reserve as regards its application in Albania; otherwise, the so-called “traditional legalization procedure” should be followed. They shall be then translated into Albanian language and such translation must be notarized (certified) by an Albanian public notary.

The certificate of registration of a new business must be issued by NRC within one day from the application date if the presented file is accurate and complete. However, in practice, the registration with the NRC takes approximately 2-3 days.

The official fees for establishment and registration of the branch with the NRC consist of the following:

- Registration with the NRC: ALL 200 (approx. EUR 2)
- Public notary fees (approx.): ALL 8,000 (approx. EUR 55) + VAT (at 20%)

OTHER REGISTRATIONS AND DECLARATIONS



REGISTRATION OF A LIMITED LIABILITY COMPANY

General overview

Documents to be filed

Additional documents to be filed

Terms, legalization process and official fees

Other registrations and declarations

GENERAL OVERVIEW

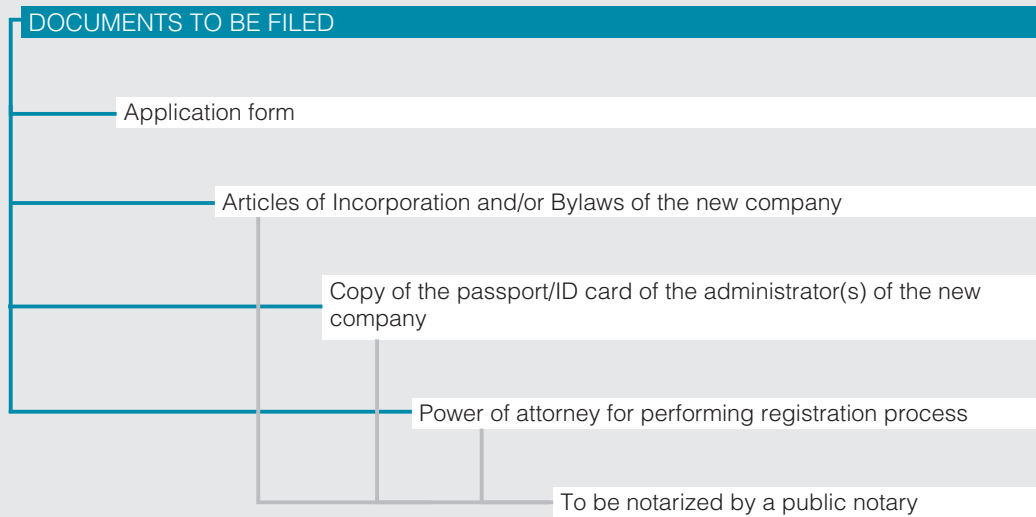
The limited liability company is the most common and preferred legal form for conducting business in Albania. It has the following features:

- minimum share capital is ALL 100 (approximately EUR 1);
- no limitation on the number of shareholders, either individuals or legal entities, foreigner or Albanian;
- it may be managed by one or more individuals, either foreigner or Albanian.

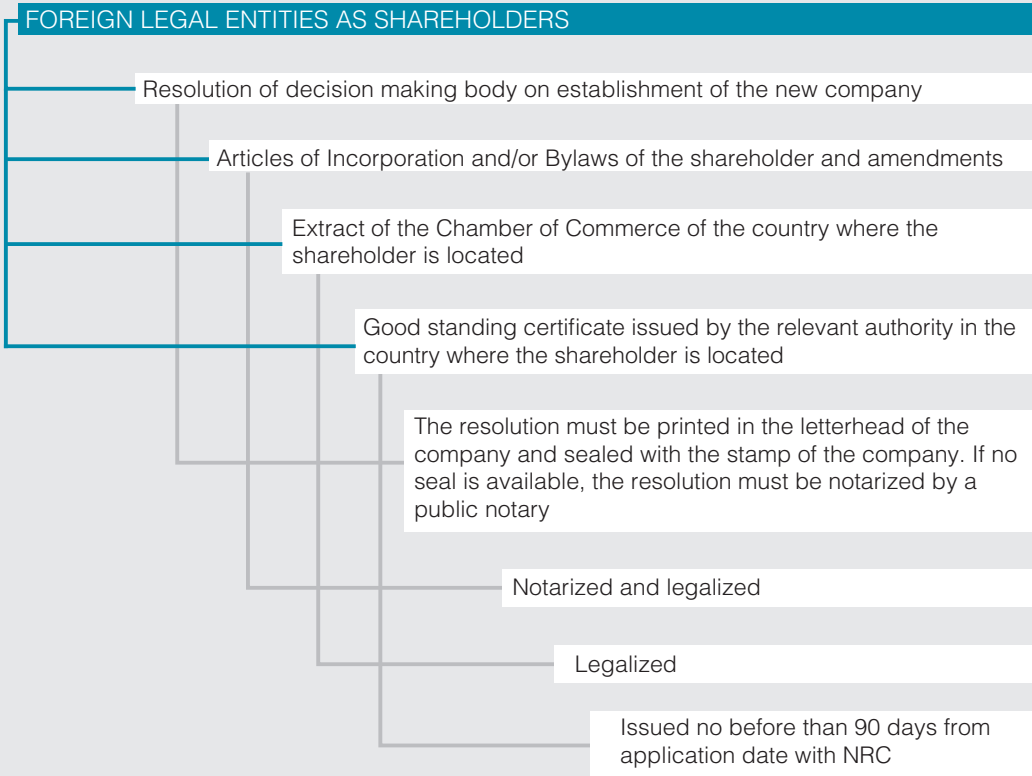
Registration with the Albanian Commercial Register kept by the National Registration Center (NRC) implies also registration for tax purposes.

Upon completion of the procedures of registration, the NRC issues to the new company the business number (which is also used as tax identification number) and the certificate of registration.

DOCUMENTS TO BE FILED



ADDITIONAL DOCUMENTS TO BE FILED



ADDITIONAL DOCUMENTS TO BE FILED

INDIVIDUALS AS SHAREHOLDERS

Notarized copy of identification card or passport of the shareholder(s)

TERMS, LEGALIZATION PROCESS AND OFFICIAL FEES

The application form along with the above documents must be filed within 30 days from the establishment of the new company (i.e. from the date of signature of Articles of Incorporation and/or Bylaws); otherwise, a penalty in the amount of ALL 15,000 (approx. EUR 110) applies.

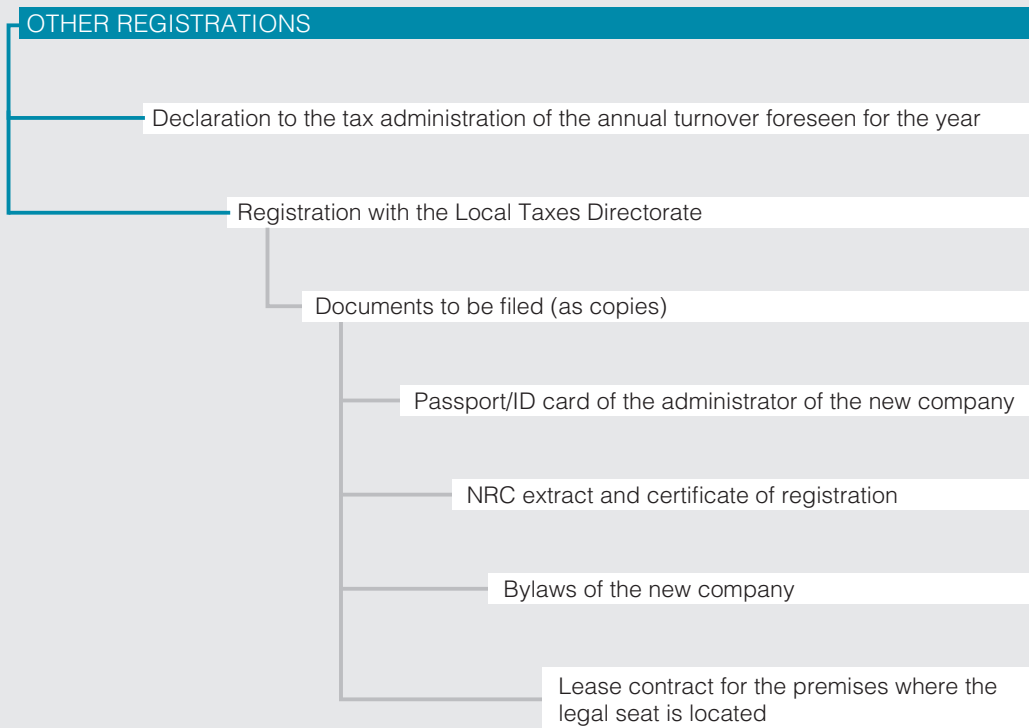
All the documents presented for registration purposes/filing with Albanian public authorities (including the NRC), in foreign language and executed abroad or issued by foreign public authorities, should be in original or certified true copies (only one original or certified copy is needed). In addition, these documents should be legalized (with apostille) in accordance with the Hague Convention of October 1961 if the country of residence of the foreigner has ratified such Convention and has not expressed any reserve as regards its application in Albania; otherwise, the so-called “traditional legalization procedure” should be followed. They shall be then translated into Albanian language and such translation must be notarized (certified) by an Albanian public notary.

The certificate of registration of a new business must be issued by NRC within one day from the application date if the presented file is accurate and complete. However, in practice, the registration with the NRC takes approximately 2-3 days.

The official fees for establishment and registration of the new company with the NRC consist of the following:

- Registration with the NRC: ALL 200 (approx. EUR 2)
- Public Notary fees (approx.): ALL 8,000 (approx. EUR 55) + VAT (at 20%)

OTHER REGISTRATIONS AND DECLARATIONS



REGISTRATION OF A TAX REPRESENTATIVE

General overview

Documents to be filed

Terms, legalization process and official fees

Other registrations and declarations

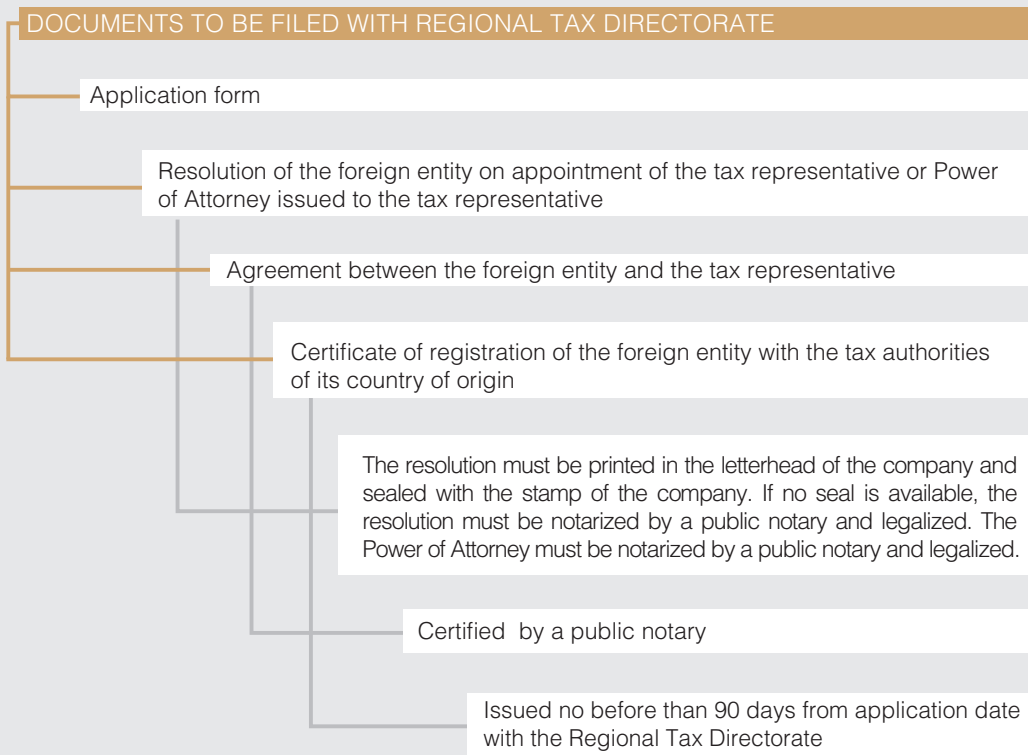
GENERAL OVERVIEW

Under specific circumstances, a foreign entity liable for VAT in Albania, may appoint a tax representative for VAT purposes.

The tax representative may be a resident individual or legal entity.

The tax representative must be registered with the Regional Tax Directorate, which shall issue the tax identification number and the certificate of registration.

DOCUMENTS TO BE FILED



DOCUMENTS TO BE FILED

DOCUMENTS TO BE FILED WITH REGIONAL TAX DIRECTORATE

Notarized copy of identification card of the tax representative (if the latter is a natural person)

Extract issued from NRC and Bylaws (if the tax representative is a legal entity)

TERMS, LEGALIZATION PROCESS AND OFFICIAL FEES

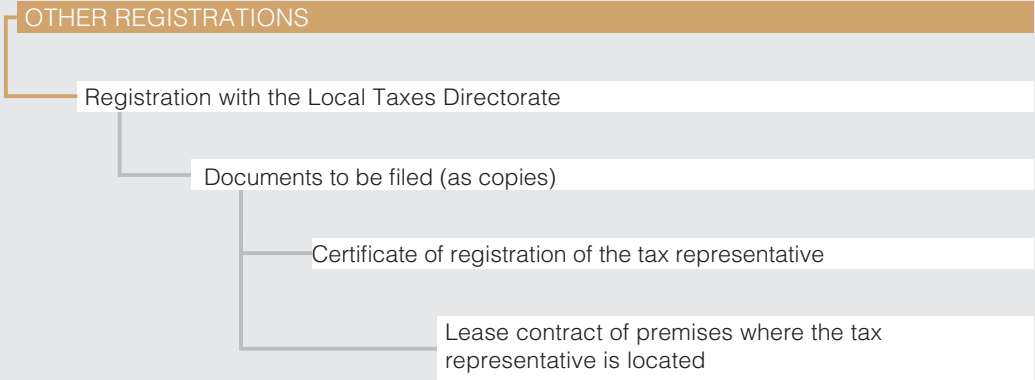
The application form along with the required documents must be filed within 5 days from appointment of the tax representative.

All the documents presented for registration purposes with Albanian public authorities, in foreign language and executed abroad or issued by foreign public authorities, should be in original or certified true copies (only one original or certified copy is needed). In addition, they should be legalized (with apostille) in accordance with the Hague Convention of October 1961 if the country of residence of the foreigner has ratified such Convention and has not expressed any reserve regarding its application in Albania; otherwise, the so-called "traditional legalization procedure" should be followed. They shall be then translated into Albanian language and such translation must be notarized (certified) by an Albanian public notary.

The Regional Tax Directorate issues the certificate of registration within 2 working days from the day the application for registration is considered complete. However, in practice, the registration with the Regional Tax Directorate is mostly completed within 1 week.

Apart of the Public Notary fees for any notarization of the documents to be filed with the Regional Tax Directorate, no official fee applies.

OTHER REGISTRATIONS AND DECLARATIONS



WORKING AND RESIDING IN ALBANIA

Work permit and work registration certificate

How to obtain work permit

How to obtain residence permit

Notes

WORK PERMIT AND WORK REGISTRATION CERTIFICATE

Any foreigner seeking to work in Albania must obtain either a work permit or work registration certificate.

Work registration certificates are issued to specific categories of persons, depending on the duration of the work in Albania.

The citizens of those countries which are part of the EU and Schengen zone and US citizens, except cases where the legislation in force requires Albanian citizenship for the job position, are exempted from the obligation to obtain work permit, but are however required to be registered with the local labor directorate and obtain the so-called Certificate of Employment Declaration.

Are also exempted from the obligation to obtain work permit as well as the Certificate of Employment Declaration, the following categories of foreigners provided that they stay in Albania for one month in any one year:

- (i) Foreigners who are negotiating an agreement or supervising a trade event stall;
- (ii) Business visitors;
- (iii) Crew members of ships or aircrafts;
- (iv) Lecturers, researchers foreign specialist and educators who come into Albania in the ambit of bilateral governmental agreements or agreements with educational institutions;
- (v) Employees of humanitarian organizations operating in Albania in the ambit of international programs of cooperation.

HOW TO OBTAIN WORK PERMIT

Work permits are classified as follows: (i) type "A/P" for employees; (ii) type "A/PS", for seasonal work; (iii) type "A/TN", for employees transferred within the company; (iv) type "A/S", for students; (v) type "A/NK" for cross-border employment; (vi) type "A/FP" for professional training; (vii) type "A/SHV", for foreigners providing volunteer services; (viii) type "A/AF" for family reunion; (ix) type "A/KL", for highly skilled workers; (x) type "A/SP", for athletes; (xi) type "A/PSH" for domestic workers; (xii) type "B/VP", for the self-employed; (xiii) type "B/I" for investors; (xiv) type "C/CS", for contractual services; (xvi) type "D", for foreigners who obtain permanent work permit.

Generally, to obtain the work permit the following documents must be submitted to the Regional Labour Directorate. However, depending on the type of the work permit, additional documents may be requested:

- Personal request;
- Extract of the National Registration Center proving the registration of the employer;
- Original copy of the Employment Contract;
- Copy of the passport;
- Authorization for the person filing the application (if filed from a person other than the employer or the employee);
- Five (5) photos.

The official fee to be paid for the work permit is ALL 6,000 (approx. EUR 45).

HOW TO OBTAIN RESIDENCE PERMIT

Foreigners entering the Republic of Albania without a visa may stay within the Albanian territory up to 90 days for a period of 180 days from the date of their entrance into the Albanian territory. In case the said term is exceeded the residence permit is required.

In order to obtain the residence permit the application must be filed 60 days prior to the expiring of the staying term (i.e. within 30 days from the first entry for foreigners entering the country without visa).

USA citizens can reside in the Republic of Albania up to one year without the obligation to obtain a residence permit.

The following types of residency permits are issued by the Albanian migration authorities: (i) Type A (non renewable residence permit which allows the holder to stay in the Republic of Albania for its term of validity); (ii) Type B (renewable residence permit which allows the holder to stay in the Republic of Albania for its term of validity); (iii) Type C (permanent residence permit); (iv) Type S (residence permit issued to seasonal workers for periods of six months); (v) Type Card Blue AL (renewable residence permit issued to highly qualified employees); and (vi) Type Card Blue AL-C (permanent residence permit issued to highly qualified employees).

HOW TO OBTAIN RESIDENCE PERMIT

According to the Decision of Council of Ministers no. 513, dated 13.06.2013 "On the Entry, Residence and Treatment of Foreign Citizens in the Republic of Albania", the following documents must be submitted at the foreign citizen's local Police Station:

1. Pre-stamped application form for the residence permit to be filled in and completed by the applicant;
2. Passport of the applicant as well as copies of those pages bearing official notes and the last entry into Albania. The passport should be valid for at least three months after the expiry of the residence permit's term;
3. Legalized criminal record certificate of the applicant obtained in the country of origin issued in the last six months;
4. Evidence of insurance in Albania;
5. Notarized copy of the lease contract for the premises where the applicant is residing;
6. Notarized copy of the work permit/Work Registration Certificate/Certificate of Employment Declaration;
7. Notarized copy of the employment contract;
8. Two (2) photos.

The official fee for issuance of the one-year duration residence permit, payable to the local Police Station, is ALL10,000 (approx. EUR 75).

Additional documents might be needed depending on the type of the residency permit requested. The residence permit will be issued within 60 days from the application.

NOTES

In order to obtain work and/or residence permit, all official documents executed abroad and/or issued by foreign public authorities should be legalized with Apostille in accordance with the Hague Convention of October 1961 if the country of residence of the foreigner has ratified such Convention and has not expressed any reserve as regards its application in Albania; otherwise, the so-called “traditional legalization procedure” should be followed. They shall be then translated into Albanian language and certified by an Albanian public notary.

BOGA & ASSOCIATES

LEGAL ▪ TAX ▪ ACCOUNTING



IFLR 1000, Top Tier Firm 2015

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Chambers Global, Top Ranked 2015

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- Leading Individuals



Chambers Europe, Top Ranked 2015

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- Intellectual Property
- Projects
- Real Estate



Corporate INTL, Global Awards 2014

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- Full Service Law Firm of the Year in Albania
- IP Law Firm of the Year in Albania
- Commercial Law Firm of the Year in Albania
- Trademark Law Firm of the Year in Albania
- Labour Law Firm of the Year in Albania



Global Legal Expert (GLE) 2014

- Trade Law Firm of the Year in Kosovo

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