

### Albania | Issue 05/10

To keep you up-to-date with the latest economic and financial developments, this bulletin prepared by our Tax Team provides information that may affect the operation of your business in Albania.

#### Amendments to Excise Law

On June 3, 2010 the Albanian Parliament has passed law no. 10286 (“the New Law”), which amends law no. 8976, dated 12.12.2002 “On Excise Tax” (“the Excise Law”). The New Law is not published in the Official Gazette, yet. It shall become effective 15 days after the publication.

*New rates.* The recent amendments to the Excise Law consist of reduction of the excise tax for some goods, introduction of new excisable goods and a tax reimbursement scheme for recycled excisable goods. For certain goods, the excise tax is increased.

In particular, by amending Annex I of the Excise Law, the following have changed:

- fruit and vegetable juices, mineral water, non alcoholic beverages, perfumes and deodorants are no longer subject to excise tax;
- excise rate for the un-roasted coffee is decreased from Leke 70 to Leke 30 per kg;
- excise rate for heavy fuel is increased from Leke 13 to Leke 20 per kg;
- excise tax is now levied on different packaging materials i.e. plastic, glass and mixed packaging, as well as on new and used pneumatic tyres, primary cells and batteries and electric accumulators.

For more details on the new excise rates refer to Annex I at the bottom of this article.

*Reimbursement procedure.* Following the introduction of excise tax on packaging materials and considering the financial impact of this tax, the New Law establishes the reimbursement scheme for taxpayers involved in recycling of plastic, glass and mixed packaging (which use them as raw materials in the manufacturing process). These taxpayers shall be entitled to get reimbursement of (i) 50% of the excise tax paid for such packaging materials and (ii) the entire excise tax paid for combustible materials consumed in their technological process. The conditions and procedures of reimbursement shall be determined upon a forthcoming decision of the Council of Ministers.

*Retail price to be indicated in the excise stamp.* The New Law authorizes the Minister of Finance to determine upon an instruction the requirement of indicating the retail price of excisable goods in the excise stamp.

*Penalties.* The New Law amends article 49 of the Excise Law as regards the amount of penalties imposed for breach to law requirements. According to the amended article 49, the excisable goods, which do not bear the excise stamp, are seized while the person storing and/or trading the said goods shall be subject to a penalty of:

- (i) Leke 1,000,000 if the person storing and/or trading the said goods is a manufacturer or importer of excisable goods; the said penalty shall be due in addition to the obligation for payment of the excise tax and the penalty for lack of declaration and payment of the tax amount;
  - (ii) Leke 1,000,000 if the person trading the said goods is subject to VAT and tax on profit;
  - (iii) Leke 500,000 if the person trading the said goods is subject to local taxes on small business.
- (iii) carbon tax on fuel, gas oil and benzene is substituted with carbon tax on fuel, gas oil and coal. Law no. 10280 increases the tax rate for the fuel from 0,5 to 1 Leke/liter, for the gas oil from 1 to 3 Leke/liter. In addition, Law no. 10280 introduces the carbon tax for the coal at the rate of 3 Leke/kg and abolishes the carbon tax on benzene.

## Amendments to National Taxes Law

Albanian Parliament has recently amended law no. 9975, dated 28.07.2008 “On National Taxes” (upon law no. 10280, dated 20.05.2010).

Law no. 10280, dated 20.05.2010 (“Law no. 10280”) has not been published in the Official Gazette yet, and shall become effective 15 days after the publication.

*Changes to the environmental tax.* Law no. 9975 provided for the so-called “environmental tax”, which was composed by the following categories: (i) tax on plastic packaging of liquids; (ii) tax on import of used transport vehicles; and (iii) carbon tax (on fuel, gas oil and benzene). Law no. 10280 abolishes the general category of “environmental tax”, by providing also the following changes respective to the above said categories:

- (i) tax on plastic packaging of liquids (locally produced and/or imported), such as water, refreshing drinks, fruit and vegetable juices, milk and its by-products, alimentary oils, lubricant oils and detergents, is abolished;
- (ii) tax on import of used transport vehicles is substituted with tax on used transport vehicles. Under Law no. 10280 the fixed coefficient per each year of use of the vehicle is now unified at 0.5% for vehicles under CN code 8703 and 0.25% for the remaining vehicles identified under Chapter 87 of customs nomenclature. The tax on used transport vehicles shall be levied on imports and any subsequent sale of the vehicle within Albania;

*Abolishment of the tax on conducting of activities of gambling.* The tax which was applicable to the conducting of activities of gambling, bets, casinos, national lotteries and bingos is abolished.

*Changes to the mineral tax.* Law no. 10280 provides for a fixed rate of the mineral tax (previously the law provided for a minimum and maximum rate of mineral tax for each mineral and the Council of Ministers was authorized to determine the specific rate applicable). Please refer to Annex II at the bottom of this article which reflects the new Annex II of the National Taxes Law (rates of mineral tax).

## Draft Law on Amendment of Local Taxes Law

Ministry of Finance has prepared a draft law purposing to amend law no. 9632, dated 30.10.2006 “On Local Taxes” (“the Draft Law”) as regards the advertisement tax.

Specifically, under the existing provisions of law no. 9632, the advertisement tax is levied based on the surface of the advertisement billboard. The proposed amendment indicates that even those billboards having a surface exceeding 12 sq. meters shall be subject to the tax applicable previously for billboards with a surface of 12 sq. meters.

## Annex I – Changes of excise tax rate

CN Code	Description	Excise Rate (was)	Excise Rate (is)
09 01 11 00 09 01 12 00	Unroasted coffee decaffeinated or not	70 Leke/kg	30 Leke/kg
20 09	Fruit and vegetable juices unfermented or not containing added spirit, whether or not containing added sugar or other sweetening matter	2 Leke/liter	No excise
22 02	Mineral and aerated water, containing added sugar or other sweetening matter, non alcoholic beverages, not including fruit and vegetable juices	2 Leke/liter	No excise
27 10 19 21 27 10 19 51 Up to 27 10 19 69	Virgin fuel Jet fuel Heavy fuel oils as combustibles  Bituminous lacquer	No excise 0 Leke/liter 13 Leke/kg  No excise	50 Leke/liter 20 Leke/liter 20 Leke/kg  5 Leke/kg
29 01 29 02	Acyclic and Cyclic hydrocarbons, including (ethylene, benzene, toluene, xylene)	5 Leke/kg	37 Leke/kg
33 03 00 10 33 03 00 90 33 07 20 00	Perfumes Toilet waters Deodorants	60 percent 60 percent 60 percent	No excise No excise No excise
36 04 10 00 36 04 90 00	Fireworks Others	No excise No excise	200 Leke/kg 200 Leke/kg
40 11 40 12 (except of 40 12 20 00) 40 12 20 00	New pneumatic tyres, of rubber Retreated pneumatic tyres; solid or cushion tyres, tyre treads and tyre flads  Used pneumatic tyres	No excise No excise  No excise	20 Leke/kg 40 Leke/kg  100 Leke/kg
85 06 85 07	Primary cells and batteries Electric accumulators, including separators therefore, whether or not rectangular (including square)	No excise No excise	200 Leke/kg 20 Leke/kg
	Plastic packages Glass packages Mixed packages	No excise No excise No excise	100 Leke/kg 10 Leke/kg 20 Leke/kg
85 39 21 92 85 39 21 98 85 39 22 10 85 39 22 90 85 39 29 92 85 39 29 98	Tungsten halogen exceeding 100 V Tungsten halogen not exceeding 100 V Reflector lamps Other Other exceeding 100 V Other not exceeding 100 V	200 percent 200 percent 200 percent 200 percent 200 percent 200 percent	No excise No excise 100 Leke/unit 100 Leke/unit 100 Leke/unit 100 Leke/unit

**Annex II**

**New Annex II of the National Taxes Law**

<b>Mineral Groups as per the Mineral Law</b>	<b>% of Mineral Tax rate (was)</b>	<b>% of Mineral Tax rate (is)</b>
<b>Group I – Metallic minerals</b>		
Silver minerals	10	10
Gold minerals	10	10
Copper minerals	4-7	6
Chrome minerals	4-8	6
Nickel minerals	4-6	6
Iron minerals	4-5	5
Lead minerals	4-7	5
Zinc minerals	4-7	7
All other metallic minerals	4	4
<b>Group II – Non metallic minerals</b>		
All non metallic minerals	3-5	4
<b>Group III – Coals and Bitumen</b>		
Coals	4-5	5
Bitumen	4-7	5
Bitumen sands	4-6	5
Fossil fuel	4-6	5
Pyrobitumen	4-7	6
<b>Group IV – Minerals and construction materials</b>		
Granite	4-6	6
Calcareous stones	4	5
Gabrot	4-6	5
Basalts	4	4
Conglomerates	4-10	7
Marble	4-10	7
Construction tiles	10	7
Plagiogranite	4-6	5
Sands	4-10	7
Serpentinite	4-6	5
Travertine	4-6	5
Troctolite	4-6	5
All other minerals of the fourth group	4	5
<b>Group V – Precious stones</b>		
All minerals of the fifth group	10	10
<b>Group VI – Semi precious stones and Opal</b>		
All minerals of the sixth group	10	10
<b>Group VII – Petroleum and Gas</b>	10	10

## BOGA & ASSOCIATES

The Tax Alert is an electronic publication edited and provided by Boga & Associates to its clients and business partners. The information contained in this Tax Alert is of a general nature and is not intended to address the circumstances of any particular individual or entity. The Tax Alert is not intended to be and should not be construed as providing legal advice. Therefore, no one should act on such information without appropriate professional advice after a thorough examination of the particular situation. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. You can also consult this Tax Alert on the section “Library” of our website.

*For more information contact:*

**Genc Boga** [gboga@bogalaw.com](mailto:gboga@bogalaw.com)  
**Alketa Uruçi** [auruci@bogalaw.com](mailto:auruci@bogalaw.com)

Boga & Associates  
Deshmoret e 4 Shkurtit str.  
P.O Box 8264  
Tirana, ALBANIA

Tel +355 4 225 1050/225 1022  
Fax +355 4 225 1055

<http://www.bogalaw.com>

Boga & Associates  
Nene Tereza str.  
Entry 30, No. 5  
Pristina, KOSOVO

Tel +381 38 223 152  
Fax +381 38 223 153

© 2010 Boga & Associates. All rights reserved.

This publication is copyrighted and is protected to the full extent of the law. Nevertheless, you are free to copy and redistribute it on the condition that full attribution is made to Boga & Associates. If you have not received this publication directly from us, you may obtain a copy of any past or future related publications from our marketing department ([marketing@bogalaw.com](mailto:marketing@bogalaw.com)) or consult them in our website ([www.bogalaw.com](http://www.bogalaw.com)).

To unsubscribe from future publications of our Tax Alert, please send “Unsubscribe” to [marketing@bogalaw.com](mailto:marketing@bogalaw.com) by replying to our email accompanying this Tax Alert.

## Boga & Associates

Boga & Associates, established in 1994, has emerged as one of the premiere law firms operating in Albania and Kosovo, earning a reputation for providing the highest quality of Legal, Tax and Accounting services to its clients.

The practice maintains its commitment to quality through the skills and determination of a team of attorneys and advisors with a wide range of skills and experience. The extensive foreign language capabilities of the team help to ensure that its international clientele have easy access to the expanding Albanian business environment.

Boga & Associates represents a broad spectrum of high-profile clients, including financial institutions, airlines, industrial complexes, energy, mining and petroleum concerns, non-profit organizations, embassies, public utilities, commercial companies, international and governmental agencies.