

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

Changes to Social Security Legislation

Law no. 9377, dated 21.04.2005 (effective as of 14.06.2005), introduces certain amendments to Law no. 7703, dated 11.5.1993, "On Social Security in the Republic of Albania".

We are providing herein a brief description of respective requirements with regard to treatment of foreign employees for social security purposes.

Foreign employees' social security as per Law no. 7703

According to Law no. 7703, Albanian social security offers coverage also for (i) foreigners working for an Albanian employer and (ii) foreigners working in Albania for a foreign employer, in case the latest are not covered by a more favorable foreign scheme.

The law does not expressly state whether the social security scheme is obligatory or optional.

In practice, the interpretation made by the Social Security Institute, was that: "*all foreign citizens working in the Republic of Albania, whether for an Albanian or foreign employer, might benefit from the social security scheme, in case they are not covered by a more favorable protection abroad. Anyhow, the payment of social security contributions is not obligatory*".

Foreign employees' social security as per Law no. 9377

The newly introduced Law no. 9377 states that *“Albanian social security scheme offers coverage also to foreign citizens, working in the Republic of Albania”*.

The said provision does not seemingly include foreigners working in Albania in the obligatory social security scheme, but offers to them the opportunity to join the Albanian social security scheme.

However, we realize that the General Tax Directorate has requested from the Social Insurance Institute and Ministry of Labor and Social Affairs, a written interpretation of the above provision.

Furthermore, a local social security office has recently required foreign citizens to immediately start payment of the social and health contributions in Albania.

In the light of the above, whilst the law interpretation is yet to be issued, it is probable that foreigners might be required to pay the social and health contributions in Albania. We will continue keeping you informed for any development on the matter.

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