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 & Health Contributions

Further to our Tax Alert no. 04/05, we inform you about recent developments on the social and health security scheme applicable to foreigners.


The GTD’s opinion is based on the interpretations made by Ministry of Labor and Social Affairs (letter no. 1055/1, dated 24.08.2005) and Social Insurance Institute (letter no. 1221/1, dated 11.07.2005).

The Directive states that “the obligation to declare and pay social and health contributions applies also to foreign individuals that have entered into an employment relationship, or conduct business activities in Albania”.

Based on such provision, subject to social and health contributions in Albania are all foreigners, under employment relationship or self-employed (sole entrepreneurs registered with tax authorities).

However, foreigners conducting services in Albania on behalf of a foreign employer, which is not subject to registration requirements with the Albanian tax authorities, are exempted from the declaration and payment of social and health contributions in Albania.

Additionally, the aforementioned Directive determines that foreigners should immediately start declaration and payment of social and health contributions; hence commencing from September 2005.
The information contained in this TaxAlert is of a general nature and is not intended to address the circumstances of any particular individual or entity. 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. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

For more information, contact KPMG:

KPMG Albania Sh.p.k. Tel +335 4 235532/235533
Deshmoret e 4 Shkurtit Fax +335 4 235534
P.O Box 8264 Email gboga@kpmg.al
Tirana ALBANIA

Genc Boga – Managing Partner
Alketa Uruçi – As. Manager, Tax & Legal
Mirjeta Emini – As. Manager, Tax & Accounting

© 2005 KPMG Albania Sh.p.k., the Albanian member firm of KPMG International, a Swiss cooperative. 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 KPMG.

KPMG in Albania

Established in 1996, KPMG in Albania is part of the network of KPMG offices in Central and Eastern Europe and a member firm of KPMG International, a Swiss cooperative.

KPMG Albania offers various Audit and Risk Advisory Services thus assisting over 100 companies in preparing financial statements in accordance with various accounting frameworks (International Financial Reporting Standards, Albanian Accounting Standards, Bank of Albania Accounting Standards etc.). Tax & Legal services provide support to clients in compliance with laws and regulations, planning financial decisions to minimize tax burdens, etc. Accounting services are geared towards assisting organizations in preparing financial statements, designing and implementing tailored financial accounting systems, bookkeeping etc. Our Financial Advisory Services supports investors and company management by providing project valuations, due diligence advice, structured finance, and forensic investigations. In addition, KPMG Albania offers a broad range of training programs in management, finance, and accounting.

KPMG Albania is continuously striving to provide high quality services, which add value to our clients.

KPMG International

KPMG is the global network of professional services firms of KPMG International. Our member firms provide audit, tax and advisory services through industry-focused, talented professionals who deliver value for the benefit of their clients and communities. With nearly 100,000 people worldwide, KPMG member firms provide audit, tax and advisory services from 715 cities in 148 countries.