



WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2014
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	The applicable transfer pricing methods are: Comparable Uncontrolled Price Method (CUP), Resale Price Method (RPM), Cost Plus Method (CPM), Profit Split Method (PSM), Transaction Net Margin Method (TNMM). Transfer pricing methods other than those approved may apply, under certain circumstances.
Are any TP methods preferred over others?	The most appropriate transfer pricing method will be selected. The tax administration, in examining the arm's length character of a transaction, should use the same transfer pricing method applied by the taxpayer, to the extent that it is the most appropriate one for that transaction.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR, local variant of MF and LF implemented in the past in line with the EU code of conduct.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Master file and Local file: Point no. 15 of Instruction "On transfer pricing". There is no legislation regarding this matter.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Article 2 paragraph 4 and 36 to 36/7 of the law "On income tax" (Information on transfer pricing); point 15 of the instruction "On transfer pricing", annexes of instruction no. 5, dated 30.01.2006 "On income tax", amended; Will generally follow the Master File approach; annexes of Instruction no. 5, dated 27.02.2005 "On advance price agreement"; instruction no. 24, dated 02.09.2008 "On tax proceedings"

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	Yes
Euro Equivalent	ALL 50,000,000
As from which year does this obligation exist?	EUR 375,128
When does the Master File need to be available?	As from the year following the year that the threshold is met (so that the Master File is prepared for the year in which the threshold is exceeded).
When does it need to be submitted?	From the fiscal year ending, 31 December. Applicable for controlled transactions that took/ take place on 4 June 2014 or later and for recurring transactions continuing after that date.
How and where should the MF be filed?	30 days after the request by the tax authorities.
Does the MF have to be prepared in the relevant local language ?	TP documentation can be submitted in hard copy or via electronic means to the tax authorities.
Is documentation in English permissible?	No
	Yes

Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the 2017 OECD TP Guidelines?	Transfer pricing documentation prepared based on the approach detailed in the Code of Conduct on transfer pricing documentation for associated enterprises in the European Union and the Annex thereof, approved by Resolution 2006/c176/01 of 27 June 2006 from the EU Council and government representatives of Member States, will be considered to satisfy the requirements of Article 36/5, provided the "master file" and "country specific documentation" for Albania.

<b>3. Local File (LF)</b>	Yes
What is the threshold requirement for the obligation to prepare a LF?	As from the year following the year that the threshold is met (so that the Master File is prepared for the year in which the threshold is exceeded).
Euro Equivalent	EUR 10,000,000
As from which year does this obligation exist?	From the fiscal year ending, 31 December. Applicable for controlled transactions that took/ take place on 4 June 2014 or later and for recurring transactions continuing after that date.
When does the LF need to be available?	30 days after the request by the tax authorities.
When does the LF need to be submitted?	TP documentation can be submitted in hard copy or via electronic means to the tax authorities.
How and where should the LF be filed?	The documentation can be prepared in Albanian.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No, the documentation for TP will not be considered as submitted.
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Transfer pricing documentation prepared based on the approach detailed in the Code of Conduct on transfer pricing documentation for associated enterprises in the European Union and the Annex thereof, approved by Resolution 2006/c176/01 of 27 June 2006 from the EU Council and government representatives of Member States, will be considered to satisfy the requirements of Article 36/5, provided for the "master file" and "country specific documentation" for Albania.

<b>4. Country-by-Country Reporting</b>	Not implemented
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<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	There are no specific provision.

What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	There are no specific provision.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	The form is called: "Annual Controlled Transactions Notice", as stated in point 14 of the Instruction "On transfer pricing".
What would be the filing deadline?	The filing deadline is the same as the deadline for filing the annual tax return on 31 March of the next month.
What would be the penalties for non-compliance?	In case the "Annual Controlled Transactions Notice" has not been submitted on time, the taxpayer will receive a fine amounting ALL 10 000 (ten thousand) for every month of delay.

## 6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

## 7. Year-end adjustments

Are year-end adjustments permissible?	No
Does the taxpayer have to comply with any specific features or guidance?	Yes. Subject of to regulation of point 12 of the Instruction "On transfer pricing".

## 8. Transfer Pricing Audit and Dispute Resolution Mechanisms

What are currently the main TP areas of scrutiny by the tax authorities in your country?	No information.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The APA can be entered into for a maximum of 5 (five) years. The controlled transaction shall exceed the amount of EUR 30 million for all the covered period, be it 1, 3, or 5 years.

### Your contact person:

Ms. Alketa Uruci  
 auruci@bogalaw.com  
 T: +355 4 225 1050  
 M: +355 68 20 26554