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Prishtina
Vienna
Zürich

Management Consulting



**INVEST IN
ALBANIA**

SNAPSHOT

Official Name	Republic of Albania
Area	28,748 km ²
Population	2.86 million
Official Language	Albanian
Capital	Tirana
Currency	Lek (ALL)
GDP, € billion (2019) <small>*Data from World Bank</small>	13.9
GDP per capita (2019) <small>*Data from World Bank</small>	4,801
Export, € billion (2019)	2.4 billion
Import, € billion (2019)	5.2 billion
Time Zone	Central European Time (GMT+1)
Climate	Mediterranean with hot, dry summers and mild, wet winters.
Government Structure	Parliamentary Republic
Telephone code	+355

Disclaimer

*This brochure was correct at the time it went to press, June 2020, however, legislative changes and changes in interpretation by the authorities and courts can occur frequently in the country. This brochure contains information that is summarized and, in part, simplified. It does not substitute for specific consulting, advisory services, legal and tax advice. Despite attempting to exercise care in compiling this brochure, the authors cannot warrant the accuracy, completeness, or up-to date character of its contents. Any liability on the part of **ECIKS** is therefore excluded.*

2. DOING BUSINESS IN ALBANIA

Company registration and business types

Business Registration is done via the National Business Centre (NBC) which serves as a one-stop-shop for both business registration and licensing. The registration process is fairly quick and simple, allowing applicants to register a business in approximately 4 days.

Steps for registering the business

- 1 Request and obtain the Registration Certificate and Unique Business Identification Number from the National Business Center
- *The Registration Certificate is obtained by submitting the documents listed in the table below.*
- 2 Register employees with the Tax Office and Labor Office
- 3 Finalize registration with the Municipality Bureau of Internal Revenue and obtain a list of applicable local fees and taxes
- 4 Purchase pre-printed invoices from Tax Authority
- 5 Make a company seal

Table 1 | Business Types Characteristics

Type of Business	Minimum Capital	Liability	Start-up documents
Sole proprietorships	None	Full Liability	Application form
General partnership	None	Full Liability	Application form Articles of Incorporation and Articles of Association
Limited liability partnership	None	General partner - full liability Limited partners - liable to the extent of their investment	Application form Articles of Incorporation and Articles of Association
Limited liability company	100 ALL	Limited liability Shareholders fully liable only to the extent of unpaid stocks	Registration form General partnership agreement Consent of registered agent
Joint Stock Company	Private Offer - 3,500,000 ALL Public Offer- 10,000,000 ALL	Limited liability Shareholders fully liable only to the extent of unpaid stocks	Application form Articles of Incorporation and Articles of Association Resolution on appointment of the management bodies of the company Documents reflecting the capital disbursement

Taxation in Albania

The tax system in Albania is based and regulated by several laws, agreements, guidelines and regulations. The following taxes exist within the Albanian tax legislation:

Corporate Income Tax



Excise duties

Personal Income Tax



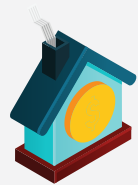
Customs duties

Withholding Tax



Local taxes

Value Added Tax



National taxes



Corporate Income Tax

The Corporate Income Tax is applied to taxpayers who have an annual turnover higher than ALL 8 million (approx. Euro 57,000). The standard rate for Corporate Income Tax is **15%**. Taxpayers who are engaged in software production and development are subject to a **5%** Corporate Income Tax. For small businesses, a simplified profit tax is applicable.

5%

Annual turnover of
ALL 5 to 8 million (ALL)

0%

Annual turnover of
0 to 5 million (ALL)

Personal income Tax

All residents in Albania are subject to personal income tax for income generated anywhere in the world. Non-residents are subject to taxes for the income that is generated only in the Albanian territory. The following tax rates are applicable:

0%

Monthly income
of 0 - 30,000 ALL
(approx. 243 €)

13%

Monthly income
of 30,001 - 150,000 ALL
(approx. 1,220 €)

23%

Monthly income
of 150,001 - and
above ALL

Value Added Tax

The Value Added Tax (VAT) in Albania is paid for all taxable supplies of goods and services in the territory of Albania and on the import of goods in the territory of Albania. The following VAT rates are applied in Albania:

0%

International
transport,
Export

6%

Services in
accommodation
facilities

20%

Standard
VAT rate

Withholding Tax

Based on Law on Income Tax, entities residing in Albania are obliged to Withhold Tax at a rate of **15%**.

Incentives

Albania provides a very liberal regime for foreign investments. The Law No. 55/2015 on Strategic Investments in the Republic of Albania is based on principles that foster equal treatment, non-discrimination, and protection of foreign investors. The law also grants foreign investors a **100%** ownership as well as highlights a set of protection regulations that intend to attract foreign investors. Other incentives introduced by the Government of Albania over the last years include:

- Subsidized Land Utilisation through the “€1 Symbolic Fee Contract”
- Customs Duty Exemption for Technological and Economic Development Areas (TEDA)
- Reduced Value Added Tax (VAT) for Agritourism Activities, Audio Visual Media, Supply of Books, Large Electric Vehicles.
- Value Added Tax (VAT) Exemption for Agricultural Machinery, Agricultural and Veterinary Inputs, Pharmaceutical Imports intended for Domestic Drugs Production, processing of goods

The following criteria must be fulfilled to gain the status of strategic investment:

a) The project needs to fall in the following strategic sectors:

- Energy and mining
 - Transport, electronic communications infrastructure and urban waste
 - Tourism (tourist structures)
 - Agriculture (large agricultural farms) and fisheries
 - Economic zones
 - Development priority areas
-

b) In the power and mining industry an investment must be:

- equal to or higher **30 million €**
 - equal to or higher than **50 million €**
-

c) In the tourism (tourist structures) industry an investment must be:

- equal to or higher than **5 million €** and create at least 80 new jobs
 - equal to or higher than **50 million €**
-

d) In the agriculture and fisheries an investment must be:

- equal to or higher than **3 million €** and create at least 50 new jobs
 - equal to or higher than **50 million €**
-

e) For the sector “economic zones” investment must be:

- equal to or higher than **5 million €**
 - equal to or higher than **50 million €**
-



f) In the development priority areas an investment must be:

- equal to or higher than **1 million €** and create at least 150 new jobs
- equal to or higher than **10 million €** and create at least 600 new jobs

Human Resources

Labour market

Albania is characterized with a highly competitive and productive workforce. The people under **35 years make up 48% of the population**. English, Italian and Greek are among the foreign languages spoken the most, while German and French are taught at school.

	Age	15-29	30-64	15-64	15+
	Male	21.3	8.8	12.2	11.6
	Female	21.7	8.5	11.8	11.4
	Total	21.5	8.7	12.0	11.5

Unemployment Rate in 2019 in %



Average wage/month in 2018
(public & private)

50,589 ALL
(≈ 416 Euro)

Education



The total number of pupils in pre-university institutions at all levels is:

618,766

Universities



Number of Public Universities:

16



Number of Private Universities:

26

School / academic year	2018-2019
Education	10,062
Arts and humanities	14,348
Social sciences, journalism and information	14,086
Business, administration and law	33,447
Natural sciences, mathematics and statistics	7,060
Information and communication technologies	10,016
Engineering, manufacturing and construction	20,019
Agriculture, forestry, fisheries and veterinary	4,999
Health and welfare	20,727
Services	4,279

Total **139,043**

Students at university level by field of study

3. LEADING SECTORS

Renewable energy

Albania is known to have an abundance of renewable energy sources. By using these sources Albania is able to ensure long-lasting energy supply, encourage economic development and protect the environment.

Facts about the sector

- Albania's hydrographical territory is 44,000²km
- Only **35.4%** of hydro-energetic potential is being used so far
- Current installed capacity is 1,466 MW with a hydropower production of 5,283 GW/h
- The country is exposed to solar radiation that reaches 1,185 kwh/m²
- On average the country has **2,400** sunshine hours per year
- The country has **240-300** average sunshine days per year
- Average annual wind speed is 6-8 m/s

Tourism

Every year, Albania is featured as one of the top destinations to visit given its numerous touristic attractions such as UNESCO sites, beautiful beaches, rich traditional food and natural and rural ecotourism. In the recent past, the tourism sector has become an important strategic sector for the Albanian economy with a contribution of around **8.5%** of GDP.

Facts about the sector

- It is forecasted that the sector contribution to the GDP will rise to **9.4%** by 2029
- The number of tourists that entered in Albania in 2018 was **5,9 million**
- In 2018 the sector supported around **8%** of total employment

Manufacturing

Albania's manufacturing sector has experienced positive growth over the last years. In particular, the textile and footwear industry have played a leading role in the growth of the sector.

Facts about the sector

- The sector growth in 2018 was **5.4%**, reaching the value of nearly **124 billion ALL**
- The textile and footwear sector accounted in 2018 for **39.9%** of total exports
- Over **40%** of the labour force in Albania are engaged in the processing industry
- Overall, from 2016 to 2018, exports of the manufacturing sector increased by **16%**

4. TRADE REGULATIONS, CUSTOMS, PROCEDURES

Albania has a strategic location in the Western Balkans, which owing to its access to the sea, serves as a bridge that facilitates the trade of goods with the countries in the region and the world. To promote the exports and encourage investments, Albania has signed several Free Trade Agreements that establish a custom-free infrastructure and access to foreign markets for local companies.

Stabilization and Association Agreement with the EU

The Agreement allows the Albanian industrial goods to be exported to EU and vice versa without any custom tariffs.

Central European Free Trade Agreement (CEFTA)

The agreement was signed between Albania, Bosnia and Herzegovina, Croatia, Kosovo, Moldova, Montenegro, North Macedonia, and Serbia to promote investments, expand trade of goods and services and eliminate trade barriers.

European Free Trade Association (EFTA)

The agreement was signed between Albania and Iceland, Liechtenstein, Norway, and Switzerland which promotes the free trade of goods with no customs duties on industrial products, including fish or other marine products.

Free Trade Agreement with Turkey

The agreement removes tariffs on industrial Albanian goods exported to Turkey and on some industrial Turkish products exported to Albania.

Generalized System of Preferences (GSP)

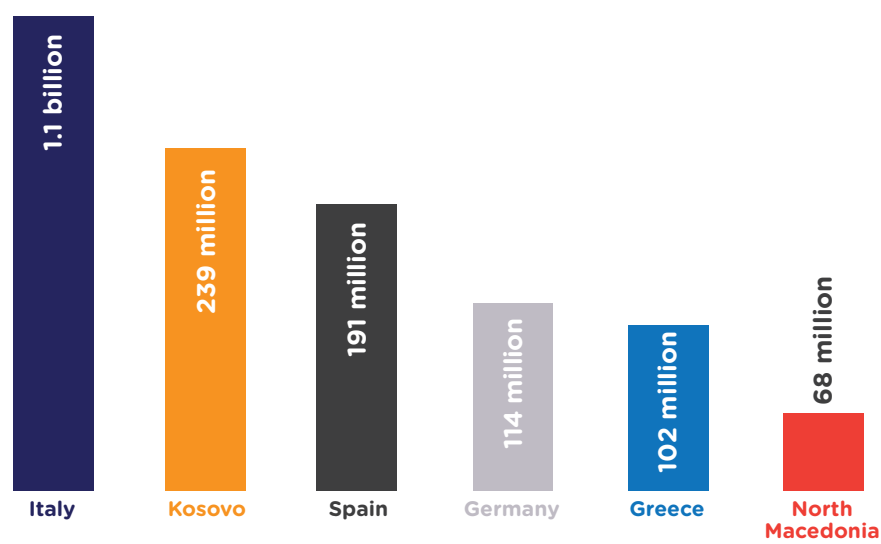
As part of GSP, Albania enjoys duty-free treatment of goods with USA, Australia, Japan, New Zealand, Russian Federation, Belarus, and Kazakhstan.

Bilateral Investment Treaties

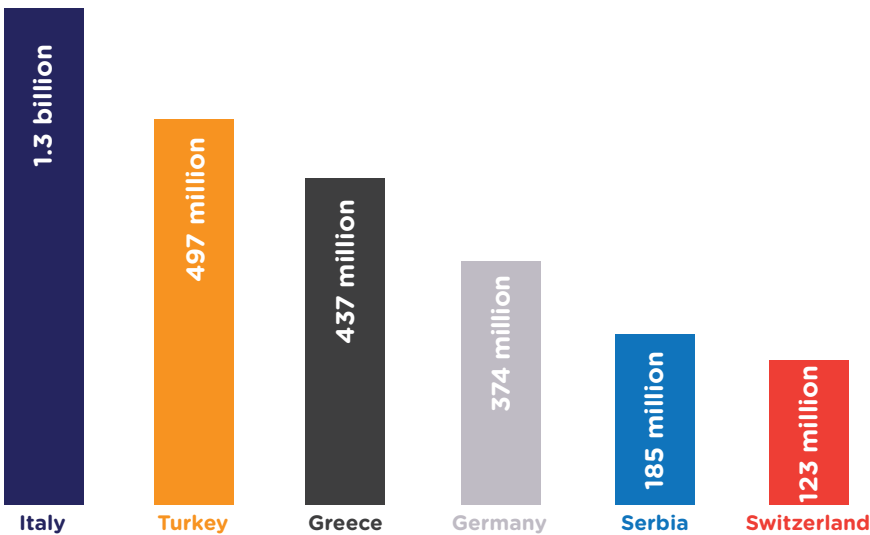
Albania has signed 45 bilateral treaties for the promotion of investments and 41 for the avoidance of double taxation and fiscal evasion.

ALBANIA EXPORT AND IMPORT SNAPSHOT (2019)

Albania Export Snapshot (2019)



Albania Import Snapshot (2019)



Customs

Albania customs are regulated by Law No. 102/2014. Custom rates vary depending on the type of good or country of origin and range from **0%** - **15%**. Duties exemptions are applicable for:

- The import of goods under agreements and where the customs duties exemption is explicitly stated in an agreement
- Specific imports related to oil exploration
- Humanitarian aid
- Goods imported for charitable, philanthropic or assistance purposes
- Goods imported for trade promotion

5. ECONOMY

GDP

In the last couple of years, the economy of Albania has undergone several changes. Foremost, Albania is a transition economy which in recent years has shown positive economic performance. In 2018, GDP grew by **4.1%**. The growth was mainly attributed to private consumption. The services sector, industry, and agriculture make up the largest share of GDP with **48%**, **20%** and **21%** respectively.

Foreign Direct Investments

Foreign Direct Investments have played an important role in Albanian domestic growth. Thanks to the liberal legislation that Albanian government exercises, FDI inflows have maintained a positive trend. In 2018 most of FDI inflows to Albania came from Switzerland (**36%**). With 18% of total FDI inflows Netherlands ranked on the second place. In 2018, FDIs accounted for **7.9%** of the GDP. At the end of 2018, FDI stock has reached **7.6 billion** Euros which compared to the previous year represents an increase of **8.5%**. In terms of sectors, the energy sector accounted for **46%** of total FDI inflows followed by the extracting industry with **17%**.

Year	2014	2015	2016	2017	2018
Million Euro	869	890	943	899	1022

Monetary and Banking System

The banking system in Albania is stable, well-capitalized and liquid. There are 12 second-tier banks currently operating in the market. The largest five banks hold ca. 76% of the system's total assets and deposits. The inflation rate has remained stable at **1.3%**, **2.0%** and **1.9%** in 2016, 2017, and 2018 respectively.

6. COMING TO ALBANIA

Visa

Foreigners entering Albania should have a valid passport or any other document that is accepted and recognized by Albanian authorities. All foreign citizens who are not exempt from the visa requirements, must obtain a visa before entering the country. Foreign citizens that can enter into the Republic of Albania without a visa can stay for a period of up to 90 days. The following foreign citizens can enter in Albania without a visa:

- Foreigners who have a valid, multiple-entry Schengen visa
- Foreigners who have a valid, multiple-entry US or UK visa
- Foreigners from Saudi Arabia, Belarus, Qatar, Oman, Russia, Thailand, and Bahrain
- Foreign citizens who are members of the family of EU nationals, when they travel with a spouse who is an EU citizen

Residence Permit

The residence permit is regulated by Law on Foreigners No. 108/2013 which regulates the entering and exit of foreigners from borders of the Republic of Albania. Foreign citizens who wish to reside in Albania for more than three months need to obtain a residence permit. There are several residence permits applicable for foreign citizens depending on the duration of residency, and type of occupation. The application for a residence permit is done online by submitting the necessary documents subject to the residence type.

7. ABOUT ECIKS

ECIKS is a professional consulting services firm that delivers value, change and lasting impact to a wide range of international clients. Our widespread experience is grouped in two areas:

Private sector consulting: Through an agile and dedicated team of professionals specializing in management consulting, business development, and financial advisory we help private sector companies to perform better and harness the power of digital innovation. Through our wide network of partners, we establish market linkages, alliances and partnerships.

Public sector consulting: We are specialized in helping top-level decision-makers in the public sector to constantly seek for and apply impactful and sustainable solutions. Our services include capacity development, private sector development, economic growth and economic development, FDI and export promotion. While working in challenging environments and regions, we have a successful track record in achieving tangible results. We take pride of our expert's broad experience and expertise, therefore our offices and contact points are located in Vienna, Zurich, Prishtina right where our customers are situated.

Email : office@eciks.com
www.eciks.com