

# Tax Alert

## For Beneficial Owners

February 2021



We would like to remind that any existing legal entity registered in the Commercial Register, must register its beneficiary owner(s) in the Register of Beneficiary Owners (RBO) within 60 days upon its establishment, according to the requirements of Law no. 112/2020 (hereinafter referred to as the "Law") and Decision of Council of Ministers no. 1088, dated 24.12.2020.

**Beneficial owner** is considered the individual who owns or ultimately controls the legal entity, through direct or indirect ownership of 25% or more, of:

- shares / quotas;
- participation in the capital of your entity;
- voting rights; or
- benefits from transactions carried out by your entity on its behalf.

In case of **a trust**, the beneficial owner within the meaning of this Law is considered:

- the constituent;
- guardian / trustee;
- the supporter, if any;
- the beneficiary; when the person benefiting from the legal agreement or the entity has/have not been determined yet, the group of people mostly benefitin from the legal agreement or entity itself;
- or any other individual exercising ultimate control over the trust through direct or indirect ownership or other means.



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In case of non-profit organizations (which include foundations, associations, as well as branches of non-profit organizations) the beneficial owner within the meaning of this Law is:

- founder; or
- legal representative; or
- the individual who exercises the ultimate effective control over the administration and control of the non-profit organization. The last effective control is the relationship in which a person:
  - i. takes decisions on behalf of the non-profit organization;
  - ii. controls the election, appointment and removal of most of the decision-making bodies and/or executive bodies of the non-profit organization.

### ❖ How is the process performed?

The registration is performed by applying "registration of the beneficiary owner" service in e-albania portal; application that may be performed only through the authorized person (legal representative).

The documents that must be uploaded by the applicant according to the requirements displayed on the portal are:

- Identification/ personal data of the legal representative;
- Identification/ personal data of the beneficiary owners;
- Documentation certifying the unique identification number, name and date of registration of the reporting entity in the relevant register (the extract);
- Documentation of the competent registering authority, certifying that the registered beneficial owner is the owner of 25% or more of the shares / capital quotas, or voting rights;
- Other documentation containing the necessary information for the identification and registration of the beneficial owner;
- Written statement signed by the legal representative of the reporting entity, which specifies exactly the steps taken to identify the beneficial owner (the case when it is not possible to identify the individual holder of 25% or more shares / equity shares; or voting rights);
- Documentation certifying the control of the individual registered as beneficial owner, in the reporting entity (the case when it is not possible to identify the individual holder of 25% or more of the shares / quotas of the capital; or of the voting rights);
- Documentation certifying the position of the individual registered as beneficial owner, in the reporting entity (the case when it is not possible to identify the individual holder of 25% or more of the shares / quotas of the capital; or of the voting rights);
- Other accompanying documentation certifying the recorded data;
- Authorization document, if the application is not made by the legal representative.

The National Business Centre reviews the application within two working days, according to the requirements of Law, after verification of which it decides its approval or rejection, a decision which is then published in the RBO.



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### ❖ Penalties for non registration in RBO

Law provides the following penalties for non-compliance with its provisions:

- a) failure to perform the first registration of Beneficiary Owner within the deadline, is subject to a penalty of 500,000 ALL;
- b) failure to submit any change occurred to the initial information, within the provided deadlines, is subject to a penalty of 250,000 ALL;
- c) failure to comply with the registration obligations required by the Law is subject to a penalty of 250,000 ALL.

In case of non-compliance with the above law requirements, the legal representative of the reporting entity will be subject of a penalty of 150,000 ALL.

For reporting entities committing the violations foreseen in letters "a" and "b" above more than once, penalties will be doubled.

#### Source:

- i. Law no.112/2020, dated 29.07.2020 "On Register of Beneficial Owners", Official Gazette No. 149 dated 13/08/2020;
- ii. Decision no. 1088, dated 24.12.2020 for determining the manner and procedures of registration and publication of data on Beneficiary Owners, as well as notification by the competent state authorities and by the obligated subjects;
- iii. E-albania: [https://e-albania.al/ealbaniaservices/useservice.aspx?Service\\_code=14519](https://e-albania.al/ealbaniaservices/useservice.aspx?Service_code=14519)



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