

Tax and Legal Alert

March 2020



Mazars experts in Albania have prepared the following newsletter summarizing the economic, fiscal and legal measures undertaken by Albanian Government for facing the emergency situation caused due to the spread of COVID -19.

Fiscal measures

As part of "Anti Covid -19" package, the following measures are undertaken:

Extension of deadlines for submission of financial statements

The deadline for submission of the Financial Statements of financial year 2019, together with its annexes, is extended to 31 July 2020. Meanwhile, the submission deadline for the annual income tax return remains 31 March 2020.

Mitigation measures for entities with a turnover of less than ALL 14 million, subject to corporate income tax

For entities with a turnover up to ALL 14 million, subject to corporate income tax, the following fiscal facilities are provided:

1. Corporate income tax calculated on the basis of 2019 annual income tax return, is payable to the tax authorities' account within the second half of 2020; instead of 31 March 2020, applicable prior to this change.
2. The deadlines for the payment of corporate income tax installments of fiscal year 2020 is 31 December 2020.

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Prior to this change, the deadlines of payments would have been:

- 30 March – first quarter of 2020;
- 30 June – second quarter of 2020;
- 30 September – third quarter 2020;
- 30 December – fourth quarter 2020;

Source: Council of Ministers Normative Act No. 10, dated 26.03.2020 "On Some Amendments to Law No. 8438, dated 28.12.1998 "On Income Tax", as amended.

General macroeconomic measures

"Anti-COVID -19" economic package to support businesses and individuals

1. Allocation of a fund of ALL 6.5 billion to facilitate and support employees and / or other categories affected by the temporary suspension of normal work processes. More specifically this fund will be used:
 - for categories in need;
 - for unemployed individuals as a result of the current situation;
 - to support communities and sectors to which the current situation will be most detrimental to.
2. Allocation of a fund of ALL 2.5 billion to the Ministry of Health and Social Protection, which aims to finance health sector expenditures, current and capital; consisting in the supply of various medicines and equipments and for financially supporting the medical staff .
3. Reallocation of a fund of ALL 2 billion within the Ministry of Defence which will be used to:
 - supply food to communities that may be affected by the pandemic crisis, to families with financial assistance and to lonely retirees who will need direct assistance;
 - for meeting the needs of medical teams, both in civilian and military hospitals.
4. Increase the Reserve Fund of the state budget by ALL 1 billion, in order to meet the necessary unforeseen expenditures.
5. Business support through Sovereign Guarantee instrument in the amount of ALL 11 billion, which will be placed as a guarantee for the companies that will face difficulties in paying the salaries of the employees during these months.
6. Amnesty for interests caused by failure of paying electricity bills on due time. From the "erased" interests amounting to \$ 150 million are expected to benefit circa 220,000 subscribers across the country.

*In total, the 2020 budget expenditures are added with a total of ALL 2 500 million which is considered as the **Anti-COVID-19 package**.*

Source: Normative act of Council of Ministers No.6, dated 21.03.2020 "On some amendments and additions on Law no.88/2019 "On State Budget of 2020".

Postponement of loan installments payment

Based on the joint order of Prime Minister and Governor of Bank of Albania dated 17 March 2020, the repayment term of the loan installments to the business entities and individuals is postponed until 31.05.2020. More specifically the aforementioned order provides:

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- Postponement of repayment term of loan installments until 31.05.2020 for businesses and individuals which are facing difficulties due to COVID-19.
- Borrowers must communicate with lenders (banks, non-bank financial institutions or savings and loan associations) and argue the reasoning why they need a postponement of their instalments;
- The above-mentioned lending institutions have the obligation to report on it within a period of 3 days upon the receipt of the request.

Note! The process allows rescheduling of payments, but does not constitute a waiver of such payments.

Source: Joint instruction of Prime Minister Office and Governor of Bank of Albania dated 17.03.202.

Legal measures

By order of Ministry of Health and Social Protection:

- Public and private education institutions will remain close up to April 3rd, 2020. Failure of doing so will result in a penalty varying from ALL 1 mil-5 mil.
- Bars, restaurants, fast food, cafeterias that provide customer services all over the country, will be closed up to 3.04.2020. Exception from this rule are applicable to companies offering home delivery. Failure of doing so will be subject of a penalty of ALL 1 mil and closure of business in case of repetitive behavior.
- Businesses that cannot close their activities as a result of the economic supply chain must guarantee the social distance of 1.5m of their and equip them with protective measures in order to safeguard their health.
- Call Center businesses should reduce the staff present at the workplace as much as possible and guarantee protective measures for employees in order to safeguard their health.
- Public and private institutions should develop a plan in order to ensure the prioritization of services by including smart work modalities and telecommuting; and limit the physical contact only where is necessary for business continuity.
- Individual passages are limited in defined time slots. Failure of complying with the time slots is subject to a penalty of ALL 10.000.

By order of Ministry of Transport and Infrastructure:

- Airlines and ports connecting Albania to Italian airports and ports will be suspended until a second notice.
- Airlines with United Kingdom will be suspended until a second notice.
- Airlines, ports and terrestrial passages with Greece will be suspended until a second notice.
- Airlines with all airports with exemption to that of Istanbul flighted by Air Albania are suspended until a second notice.

As per notice of the General Tax Directorate:

All manufacture and service provider entities, not included in the list of suspended activities, should take the necessary precaution for ensuring the transportation of their employees with authorized vehicles. This may be achieved either by getting an authorization for a bus, either by getting authorizations for personal vehicles of the employees. In both cases an email must be sent to policiaarrugore@gmail.com or policiaarrugore@asp.gov.al and should contain:

- Name and surname of employees;

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- Bus plate with which employees will circulate;
- Employee's personal car plate in case of usage of personal cars;
- Workplace address;
- Time of movement;

The authorized vehicles must be equipped with protective essentials such as gloves, masks and disinfectants.

For more details and updates, please refer to the link below:

<https://www.asp.gov.al/covid-19-vetedeklaro-levizjen-me-automjet/>

Source: Instructions and acts published by Line Ministries.

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