

# Tax Alert

April 2020



Mazars fiscal experts in Albania have prepared the latest tax alert summarizing further fiscal measures undertaken to support businesses to cope with COVID 19 emergency, as well as further details provided in regards to amendments presented by the fiscal package 2020.

## *Fiscal measures in the context of COVID 19*

Other mitigation measures are provided for taxpayers to face the emergency situation caused due to the spread of COVID 19:

- For entities with a turnover up to ALL 14 million, the corporate income tax installments of fiscal year 2020 **are abolished**. Prior to this change, the corporate income tax installments were due within 31 December 2020.
- For entities with a turnover over ALL 14 million, the payment deadlines of corporate income tax installments for the second and third quarter of fiscal year 2020 (respectively April-June and July-September 2020) are **postponed** to April-September 2021\*. Prior to this change, the corporate income tax installments were due within the regular deadlines (i.e. 30 mars, 30 June, 30 September and 30 December).

*\* This exception does not apply to taxpayers who develop economic activities in the areas of banking, telecommunication, trading of pharmaceuticals, food products and fruit and vegetables.*

- For taxpayers operating in the areas of tourism, inward processing and call center, the payment deadlines for corporate income tax installments for tax periods April-December 2020 **are postponed** to April-December 2021\*. Prior to this change, the taxpayers were eligible for postponement based on their annual income.
- For individuals, who are eligible to prepare and submit the Annual Personal Income Tax Return the submission of the aforementioned return and the related payment should be done within 31 July 2020. This is applicable only to the declaration of fiscal year 2019. Prior to this change, the submission and payment deadline was 30 April 2020.

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*Source: Official Gazette No. 73 "Normative Act of the Council of Ministers No 18, dated 23.4.2020".*

## **Amendments provided through the fiscal package 2020**

### **Transfer of ownership rights within the family is exempt from personal income tax**

Starting from January 2020, the transfer of ownership within the family through donation or waiving of rights is exempted from personal income tax.

In order to benefit from this amendment, it is necessary to submit with the notary the following:

1. The act of donation or waiving of rights;
2. The document/authentication that proves the family ties.

For the purpose of calculating the exempted income, the following scheme is applied:

The price of the property/land registered in the cadastral register.	<	The minimum fiscal price of the property/land as provided in the instruction of the Council of Ministers.	The minimum fiscal price will be considered for tax purposes.
	>		The price registered in the cadastral register will be considered for tax purposes.

### **The Annual Personal Income Tax return for individuals employed by more than one employer**

The obligation to complete the Annual Personal Income Tax Return for individuals employed by more than one employer, regardless of the amount of the income earned, shall be applicable starting from January 1, 2020. The resident and non-resident individuals will declare in their Annual Personal Income Tax Return the aggregate income earned by all employment contracts and deduct (where applicable) the tax withheld by the employers.

### **Sponsorships of sport team's activity, part of sports federations recognized by legislation in force**

Starting from January 1, 2020, sponsorships of sport team's activity, carried out by taxpayers with annual taxable profit higher than ALL 100 million, are deductible up to the triple amount of the sponsorship value. To benefit from the aforementioned facility, the taxpayer must have the "Sponsorship Authorization" issued by the General Tax Directorate. To obtain such authorization, both the sponsor and the beneficiary must submit several documents, which are specified in the Instruction.

### **Losses carried forward for a period of 5 years for taxpayers investing over ALL 1 billion in property, plant and equipment**

In order to benefit from the extension of losses carried forward period, taxpayers must submit with the Regional Tax Directorate several documents together with the financial statements, in order to demonstrate that the value of the investment is over ALL 1 billion and the period is applied correctly. The documentation includes audited financial statements, investment contracts, investment plans, approved projects, etc.

*Source: Official Gazette No. 64, "Instruction no.15, dated 03.04.2020, on some additions and amendments to instruction no. 5, dated 30.01.2006 "On income tax".*

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## Contact

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