

TAX Alert ***December 2011***

INCREASE OF THE MINIMUM CAPITAL REQUIREMENT FOR JSCs

The Albanian Parliament passed law no. 10475 dated 27.10.2011 approving certain amendments to the Law no. 9901 dated 14.04.2008 "On Entrepreneurs and Commercial Companies" concerning the minimum capital requirement for joint stock companies with private offer (JSCs).

This law increases the minimum share capital of joint stock companies privately held from 2 Mio ALL to 3,5 Mio ALL. All JSCs established before this change entered into force are obliged to complete the procedures for registration of capital increase at least up to the amount provided by this law within one year from its entrance into force.

Failure to implement the above within the transitory period shall cause the dissolution of the company and its de-registration from the National Registration Center, once the liquidation procedures have been completed.

This law enters into force on December 7th 2011.

Amendment to Instruction no. 5, dated 30.06.2006 "On Income Tax "

Minister of Finance approved Instruction No. 24 dated 07.11.2011 on some additions and amendments to Instruction No. 5, dated 30 June 2006 "On Income Tax", as follow:

If the taxpayer proves to the tax authorities at any time during the tax period that the CIT for the tax period will be significantly lower than the CIT paid in the previous period or the second preceding period, then the tax authorities shall accept to reduce the CIT prepayments for the current tax period.

If, after submission of the annual CIT return, the CIT liability exceeds the CIT advance payments by more than 10 %, the taxpayer must pay interest at 5 % rate on the resulting difference. This interest shall be calculated by the taxpayer and should be declared in section 26 (penalties/interest for late payment) of the annual CIT return.

Amendment to Instruction no. 17, dated 13.05.2008 "On Value Added Tax"

Minister of Finance approved Instruction no. 25, dated 08.11.2011 on application of "reverse charge mechanism" in case of services provided to Albanian taxpayers by foreign suppliers, as follows:

- If the Albanian taxpayer provides only VAT exempt supplies, it may not deduct the input VAT applied in the reverse charge invoice;
- If the service rendered by a foreign supplier to an Albanian taxpayer is VAT exempt in Albania, the reverse charge scheme is not applicable;
- If the service provided by a Foreign Service provider is related to real estate in Albania, the Foreign Service provider becomes liable to appoint a VAT representative in Albania, irrespective of the turnover (i.e. the threshold rule shall not apply).

This information is provided as a guide only and should not be construed as advice. Professional accounting and tax advice should be sought before acting upon any of the point raised in this information.