

## ***TAX Alert*** ***February 2011***

### **Amendments to the Value Added Tax Law**

Law no. 10363 dated 16.12.2010, has introduced amendments to the Law no. 9728 dated 27.04.1995 „On Value Added Tax“:

1. The supply of packaging and materials used for production and packaging of drugs are exempt of VAT;
2. The supply of drugs and health services provided by private or public institutions shall be subject to VAT rate of 10 %.

This Law enters into force on 01.02.2011

Decision of Council of Ministers no. 18 dated 12.01.2011, has introduced amendments to the Decision of Council of Ministers no. 1058 dated 21.10.2009 „On minimum turnover for VAT registration“

1. Services provided by lawyer, notary public, specialized doctor, dentist, specialized dentist, pharmacist, nurse, veterinarian, architect, engineer, doctor of medical laboratory, designer, economist, agronomist, authorized auditor, certified accountant, property appraiser and hotel services must be registered for VAT purposes irrespective of their annual turnover.

This Law enters into force on 01.02.2011

### **Amendments to the Excise Tax Law**

Law no. 10365 dated 16.12.2010, has introduced an amendment to the Law no. 8976 dated 12.12.2002 „On Excise“:

1. The excise tax on tobacco will rise from ALL 50 /pack to ALL 70/pack.

This Law enters into force on 24.01.2011

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.

## **Amendments to Income Tax Law**

Law no. 10343 dated 28.10.2010, has introduced amendments to the Law no. 8438 dated 28.12.1998 „On Income Tax“:

1. Resident individuals and self-employed persons, realizing income in the territory of the Republic of Albania, are required to submit to the tax authorities the Annual Tax Return, within April 30<sup>th</sup> of the following year. The law gives details on specific information and instructions for the Annual Tax Return form.
2. Voluntary pension contributions are tax deductible for purposes of calculation of the profit tax up to the limit set forth by law provisions.

This Law enters into force on 01.01.2011

Law no. 10364 dated 16.12.2010, has introduced amendments to the Law no. 8438 dated 28.12.1998 „On Income Tax“:

1. “Technical reserves” created by Insurance Companies based on law 9267, dated 29.07.2004 “On Insurance, reinsurance and intermediation in insurance and reinsurance” are deductible for tax purposes, if created in compliance with Accounting Standards Board and certified by external auditors.
2. “Provisions” created by Banks are deductible for tax purposes, if created in compliance with Accounting Standards Board and certified by external auditors, but in each case without exceeding the minimum requirement provided by Bank of Albania.
3. Dividends and profits paid to resident companies will not be subject of corporate income tax, irrespective of the participation quota in the company/s distributing dividend/profit.

This Law enters into force on 24.01.2011.

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