

Tax Update

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Muja Law brings you the latest issue of the *Tax Update*.

Recently, the Council of Ministers in Albania, on 01.03.2023, has approved the Decision No.113, “*On determining the minimum salary at the national level*”, (hereinafter referred to as the “*DCM 113*”).

Such DCM has been published in the Official Journal No.34, dated 02.03.2023.

DCM 113 provides among other, that the basic minimum monthly salary in Albania, for employees, nationwide, which is mandatory to be applied by any person, legal or natural, local or foreign, shall be 40 000 (*forty thousand*) ALL.

Additionally, the Council of Ministers in Albania, on 01.03.2023, has also approved the Decision No.114, “*For the use of the contingency fund for the financial compensation of the increase in social and health insurance contributions, for every employee with a minimum salary, due to the increase of such salary at the national level*”, (hereinafter referred to as the “*DCM 114*”).

Some of the most important aspects of the above acts are as follows:

❖ DCM 113

In virtue of the DCM 113, the basic minimum monthly salary in Albania, for employees, nationwide, which is mandatory to be applied by any person, legal or natural, local or foreign, is 40 000 (*forty thousand*) ALL.

DCM 113 provides that the basic minimum monthly salary is given for 174 working hours per month, performed during normal working hours.

Furthermore, DCM 113 provides that the basic minimum hourly salary shall be 229.9 (*two hundred and twenty-nine point nine*) ALL.

In virtue of DCM 113, permanent allowances are given on the basic salary.

Repeal of previous decisions

DCM 113 provides that Decision No. 604, dated 14.09.2022, of the Council of Ministers, "*On determining the minimum salary at the national level*", is repealed.

Entry into force

DCM 113 extends its financial effects from 1 April 2023.



❖ DCM 114

DCM 114 provides that subjects, which exercise their activity in the economic sectors of the nomenclature of economic activities in processing industry, agriculture, forestry and fishing, will benefit from a financial compensation for social and health contributions, calculated on the increase of the minimum salary from 34,000 (*thirty-four thousand*) ALL to 40,000 (*forty thousand*) ALL, for each employee with a minimum salary, for each month, for the contribution period April-December 2023.

Criteria and documentation for the financial compensation

DCM 114 provides that the financial compensation shall be calculated and be given based on the maximum number of employees with a minimum salary, appearing in the payroll declared in the tax authorities, for the month of December 2022, for subjects that exercise their activity in the above-mentioned sectors.

In virtue of DCM 114, the financial compensation shall be given every month, for the contribution period April-December 2023, from the regional employment office, where subjects have their primary address.

Financial compensation for period April-December 2023, shall be given for the subject's number of employees with minimum salary as declared in the month that requires compensation, but not more than the maximum number of employees with a minimum salary declared for the month of December 2022.

DCM 114 provides that subjects with the right to apply must meet the following criteria:

- a) shall not be subjects owned by the state;
- b) shall not be self-employed;
- c) shall not be in bankruptcy process;
- d) shall not have obligations towards tax authorities for mandatory health and social insurance, until the moment of application or at the time of application they must prove that:
 - i. they have concluded the relevant agreements for repayment of these obligations and are regular in their repayment;
 - ii. they have paid off the obligations, but still have to pay the fines.

The DCM provides that subjects must submit their requests electronically through the e-Albania portal, no later than the 20th of the

following month, from the expected month of declaration, for the period that they demand compensation, otherwise they will lose compensation for that period.

Verification procedure for granting the financial compensation

DCM 114 provides that the relevant employment office, within 5 (*five*) working days from the date of the request, shall make the relevant verifications in the tax system on the data declared by the applicants.

The relevant employment office, within 10 (*ten*) days, after making the verifications, shall draw up the lists of beneficiaries, separated for each second-level bank, where the beneficiaries have a current bank account and shall send these lists to these banks.

The relevant employment office shall store and administer the relevant documentation in accordance with the applicable legislation.

Value of financial compensation

In virtue of DCM 114, financial compensation shall be given in the amount of social and health contributions, calculated on the increase of the minimum salary from 34 000 (*thirty-four thousand*) ALL to 40 000 (*forty thousand*) ALL, for each employee with minimum salary, for each month, for the contribution period April - December 2023.

The financial compensation shall be in the amount of 1,674 (*one thousand six hundred and seventy-four*) ALL/month for each employee.



Final provisions

Detailed rules for the application method and procedures, the method of compensation calculation, verification and appeal shall be determined by an instruction of the Minister of Finance and Economy.

The Ministry of Finance and Economy, the National Employment and Skills Agency and the General Directorate of Taxes are charged with the implementation of this decision.

Entry into force

DCM 114 has entered into force after its publication in the Official Journal.



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contact@mujalaw.com

Muja Law Office

Rr. “Ibrahim Tukiqi”, Nr.2

1057 Tirana

Albania

Mob: +355 69 28 28 562

Web: www.mujalaw.com

Muja Law is a family-run law office where we work hard for the success of our clients and to provide excellence in legal service. Our roots go back to 2001 when our Managing Partner, Krenare Muja (Sheqeraku), opened her law practice office in Tirana, Albania. Krenare’s son Eno joined her in 2014, and the other son Adi entered the practice in 2019. What started in Tirana as a small, family-run law office has grown and flourished in the community for the last 20 years. The office consists of various respected and talented lawyers who possess outstanding educational and community service backgrounds and have a wealth of experience in representing a diverse client base in various areas of the law.

The office is full-service and advises clients on all areas of civil, commercial and administrative law. With significant industry expertise, we strive to provide our clients with practical business driven advice that is clear and straight to the point, constantly up to date, not only with the frequent legislative changes in Albania, but also the developments of international legal practice and domestic case law. The office delivers services to clients in major industries, banks and financial institutions, as well as to companies engaged in insurance, construction, energy and utilities, entertainment and media, mining, oil and gas, professional services, real estate, technology, telecommunications, tourism, transport, infrastructure and consumer goods. In our law office, we also like to help our clients with mediation services, as an alternative dispute resolution method to their problems.

While we have grown over the past 20 years and become recognized as one of Albania’s leading law offices, we are grounded in the essence of “who” we are and “where” we started. We understand the importance of family, hard-work, and dedication.

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