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BULLETIN

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2023 ISSUE

Muja Law brings you the [Annual Legal Bulletin](#). This publication is a collection of the most important legal and tax updates published by our office during the year 2023.

The purpose of this annual issue is to help professionals and businesses have a clear understanding of the dynamics of Albanian legislation and easily navigate through recent legal changes frequently published by our legal office.



LAW NO. 52/2023, DATED 06.07.2023

“ON ARBITRATION IN THE REPUBLIC OF ALBANIA”

In virtue of the Law, the arbitration procedure may be organized by a permanent arbitration institution, according to its procedural rules and the provisions of the Law, when the arbitration agreement provides that the arbitration procedure shall be conducted by a permanent arbitration institution.

The parties may agree on the settlement of the dispute through ad hoc arbitration. The ad hoc arbitration procedure takes place according to the rules defined by the parties in the agreement of arbitration, as well as according to the provisions of the Law.

➤ Scope of the arbitration agreement

The Law provides that the subject of an arbitration agreement may be **any property claim or demand arising from a property relationship**, except when the special legislation prohibits the resolution of the dispute through arbitration or when it determines that the resolution of a dispute through arbitration can only be conducted in certain conditions.

➤ Form of arbitration agreement

In virtue of the Law, the arbitration agreement is made in writing, otherwise it is void. The arbitration agreement shall fulfill the **form required in virtue of the provisions of the Law**, even if the will of the parties is expressed through fax, telegram, telex, electronic mail or other means of communication or data recording, which can be documented and provide a proof of written arbitration agreement.

In cases where one party is a consumer according to the definition of the legislation in force for the protection of consumers, the arbitration agreement must be **personally signed** by the parties and be separate and independent from the basic agreement.

The Law provides that the clause of the arbitration agreement, when it is part of a contract or agreement, constitutes a **special agreement and independent from** the other terms of the contract. Invalidation of the contract does not ipso jure invalidate the arbitration agreement.

Exceptionally, the arbitration agreement is valid even when, despite the fact that the parties have not implemented the provisions of the Law regarding the form of the agreement, the arbitration procedure has begun and the other **party has not objected to the lack of jurisdiction of the arbitration court**.

➤ Conditions to be an arbitrator

In virtue of the Law, an arbitrator can only be a natural person who has full legal capacity to act. The arbitrator must be independent and impartial. The arbitrator must meet the qualification criteria or the eligibility conditions specified in the arbitration agreement or the regulation of the permanent institution of arbitration.

In addition to the professional qualifications of the arbitrator, defined in the agreement between the parties or the regulation of the permanent institution of arbitration, the arbitrator must simultaneously fulfill the following conditions:

- a) the arbitrator must not have been convicted by a final court decision for committing a criminal offense;
- b) the arbitrator must not have been banned from the right to practice public functions with a final court decision.





➤ Jurisdiction of the arbitration court

The arbitration court has the right to review and decide whether the dispute is in its jurisdiction, as well as determine the validity of the arbitration agreement.

➤ Place of arbitration

In virtue of the Law, the parties have the right to designate the place of arbitration in the arbitration agreement. In case it has not been appointed by the parties, the place of arbitration is determined by the arbitration court, taking into consideration the circumstances of the dispute, as well as the suitability for the parties.

In case the arbitration procedure is organized by a permanent arbitration institution, the country of arbitration, when it has not been appointed by the parties, is appointed according to the procedural rules of the permanent arbitration institution.

➤ Claim, statement of defense and counterclaim

In virtue of the Law, the plaintiff is obliged to submit the claim and the evidence which supports the claim, as well as the defendant is obliged to submit the statement of defense and the evidence on which the statement of defense is supported within the deadline set by the parties or in cases where the parties have not set a deadline, within the deadline set by the arbitration court. The parties may attach any other evidentiary document to the claim or statement of defense, as well as determine any other evidence that can be obtained.

Unless the parties have agreed otherwise, the parties have the right to add, subtract or change the claim or statement of defense. The parties may not add, reduce or amend the claim or the statement of defense when the arbitration court deems that the request for addition, reduction or amendment is submitted late and causes delay in the examination and resolution of the dispute.

The defendant has the right to file a counterclaim when the request for a counterclaim is based on the same legal relationship for which the parties have concluded the arbitration agreement. The counterclaim shall be presented together with the statement of defense or at a later stage of the arbitration procedure, when the arbitration court, taking into consideration the circumstances of the case, considers that the delay in presenting the counterclaim is for justified reasons. The same rules apply to filing a counterclaim.

➤ Rules applicable to the foundation of the dispute

The Law provides that in international arbitration proceedings, the arbitration court resolves the dispute in compliance with the provisions of the material legislation in force **chosen by the parties**. In case the parties do not have determined the applicable legislation, the court of arbitration shall apply the legislation **defined by the rules of private international law**. In all other cases the arbitration court shall apply the Albanian legislation.

The arbitration court may decide resolving the dispute according to the **ex aequo et bono** or **amiable compositeur** principle only if the parties have expressly agreed. The arbitration court, in all cases, shall decide in accordance with the terms of the contract and shall take into consideration the good commercial practices applicable to the legal relationship existing between the parties.

➤ Decision-making

In virtue of the Law, unless the parties have agreed otherwise, the award of the arbitration court shall be taken by the **majority of the votes of all its members**. The arbitrators who shall have an opposing opinion with the majority shall have the right



to present their opinions in writing. [An award signed by a majority of the arbitrators has the same effect as if it had been signed by all the arbitrators.](#)

Procedural actions, as well as requests for their performance can be examined and decided by the chairman of the body of arbitrators or one of arbitrators in case the parties or all arbitrators have agreed so.

➤ [Resolving disputes amicably](#)

The Law provides that the parties have the right that during the development of an arbitration procedure, to [try to resolve the dispute amicably.](#)

When the parties shall resolve the dispute amicably, they shall submit to the arbitration court their dispute settlement agreement. This agreement, at the request of parties, shall be [approved by an award of the arbitration court](#), except when the content of the agreement is against the public order. The award of the arbitration court for the approval of the dispute settlement agreement has the same effect as any other award taken on the foundation of the case.

With the approval of the agreement of the parties for resolving the dispute amicably, the arbitration court shall decide also the termination of the arbitration procedure.

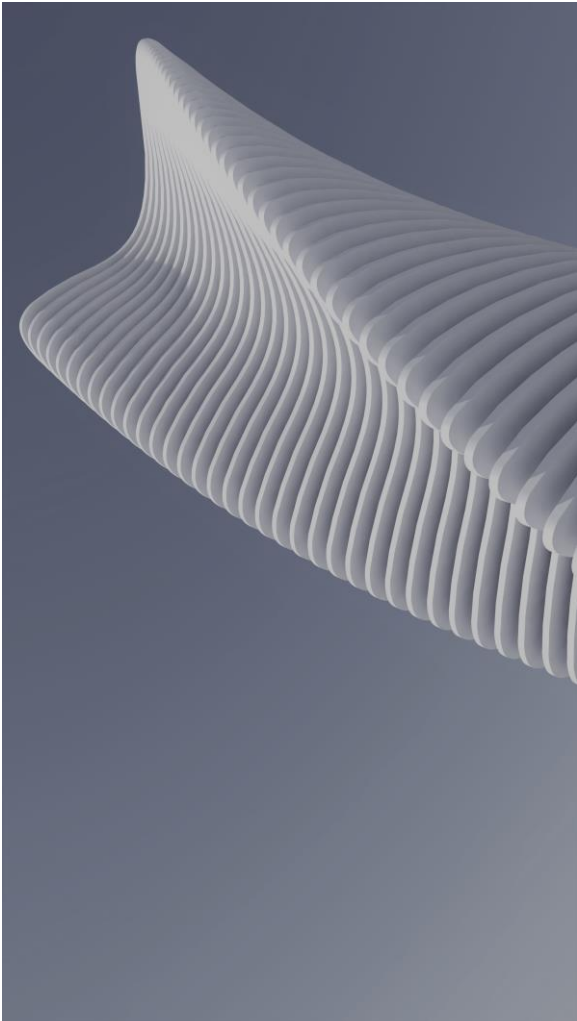
➤ [Annulment of the award of the arbitration court](#)

In virtue of the Law, the means to appeal against an award of the arbitration court is only [the request for annulment of the award of the arbitration court](#). The request for annulment of the arbitration court's award shall be filed in front of the [Court of Appeal of general jurisdiction](#), in whose jurisdiction is the place of arbitration, for one the following reasons:

- a) One of the parties to the arbitration agreement did not have the ability to act according to the special law that determines the acquisition of the ability to act, as well as their organization and operation; or
- b) The arbitration agreement is invalid according to the provisions of the legislation in force selected by the parties or by the arbitration court, or, in cases where the parties have not determined the applicable legislation, according to the provisions of the legislation of the Republic of Albania; or
- c) The parties have not been regularly notified of the appointment of an arbitrator or of the initiation of the arbitration procedure, as well as for any other reason, which has not allowed the parties to present their defense; or
- d) The award resolved a dispute that was not examined by the arbitration court or the award resolved a dispute that was not part of the arbitration agreement, as well as one or several disputes resolved by the arbitration court were not within its jurisdiction. In this case, when it is possible for the award on the disputes, which were under the jurisdiction of the arbitration court, to be separated from that part of the award on the disputes that were not part of its jurisdiction, the court shall annule only that part of the award of the court of arbitration that has resolved disputes that were not under its jurisdiction; or
- e) The composition of the arbitration court or the arbitration procedure was not in accordance with the provisions of the law or with the arbitration agreement, provided that their violation has consequences for the way the dispute is resolved by the arbitration court; or
- f) The award has resolved a dispute that is prohibited by law from being resolved through arbitration; or
- g) The execution of the award would be contrary to public order.



[Unless the parties have agreed otherwise, the request for annulment of the arbitration court's award shall be filed within 90 \(ninety\) days from the date of notification of the](#)



award of the arbitration court. In case a party has requested the correction of errors, the interpretation or supplement of the award, according to the provisions of the law, the deadline shall begin to be calculated from the date of notification of the arbitration court's award that accepts or rejects the request.

The Law provides that when the Court of Appeal decides to annul the award, it may, if deemed reasonable, also decide to send the case for retrial to the arbitration court or order the undertaking of any other action that removes the reasons for the annulment of the award.

➤ Review by the Court of Appeal

In virtue of the Law, the Court of Appeal examines the request for annulment of the award according to the established rules in the Code of Civil Procedure for the review of appeal cases. The Appeal Court shall examine the appeal within 30 (thirty) days from its filing in court.

The Law provides that submission of the request for annulment of the award does not suspend the execution of the arbitration court's award. Exceptionally, the court, at the request of the party, may suspend the execution of the award when it assesses that there is a risk that a great and irreparable damage may be caused to the party.

In virtue of the Law, no recourse is allowed to the Supreme Court against the decision of the Court of Appeal.

➤ Awards of an arbitration court in the Republic of Albania

The Law provides that the awards of the arbitration courts, when the place of arbitration is in the Republic of Albania, constitute an executive title and are put into execution after the issuance of the execution order by the judicial district court in accordance with the rules defined in the Code of Civil Procedure.

The judicial district court may reject the request for the issuance of the execution order in the event that there are at least one or several of the reasons for the annulment of the award according to the Law. When the request for the annulment of the award has been examined by the Appeal Court according to the Law, the judicial district court cannot examine whether one or some of the causes for the annulment of the award exist.

➤ Awards of a foreign arbitration court

In virtue of the Law, recognition of the final award of an arbitration court outside the Republic of Albania shall take place in accordance with the rules defined in the New York Convention on the Recognition and Execution of Arbitration Awards, of June 10, 1958, ratified by the Republic of Albania with law no. 8658, dated 9.11.2000, "On the accession of the Republic of Albania in the Convention on Recognition and Execution of Foreign Arbitration Awards", as well as the Code of Civil Procedure.

Reasons for refusing to recognize the final arbitration award of a foreign country include cases where:

- a) According to the provisions that are in force in the Republic of Albania, the dispute cannot be in the jurisdiction of the arbitration court that has granted the award;
- b) The parties to the arbitration agreement, under the law applicable to them, did not have full capacity to act, or the said agreement is not valid under the law to which the parties are subject, or there lacks any determination under the law of the country where the award is given or the party against whom the award is given;



- c) The claim has not been notified to the other party in absence, in a regular and timely manner, to give them the opportunity to defend themselves or they have not been given regular notice of the appointment of the arbitrator or of the arbitration procedure or the party has been unable to present their case;
- d) The award addresses a dispute not provided for in the arbitration agreement or does not fall within the arbitration clause or contains rulings on matters that exceed the scope subject to arbitration; However, if awards on matters subject to arbitration can be separated from those not submitted to arbitration, that part of the award which contains awards on matters subject to arbitration may be recognized and enforced;
- e) The composition of the arbitration authority or the arbitration procedure was not in accordance with the agreement of the parties or there is no such agreement;
- f) The court finds that:
 - i. the object of the dispute cannot be resolved by arbitration according to Albanian legislation;
 - ii. the execution of the award would be contrary to public order.

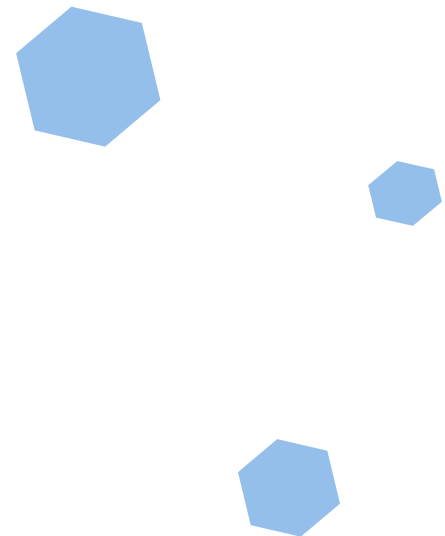
➤ Awards of a foreign arbitration court

The provisions of the Law do not apply to arbitration proceedings commenced before entry into force of this Law, with the exception of cases when the parties have expressly agreed otherwise.

The Law provides that matters that are pending on the day of entry force of the Law in the court of first instance, in the Court of Appeal or the Supreme Court, will continue to be judged according to the provisions of the law effective at the time of filing the claim.

Entry into force

The Law has entered into force 15 days after its publication in the Official Journal.





DECISION OF THE COUNCIL OF MINISTERS NO.113, DATED 01.03.2023

“ON DETERMINING THE MINIMUM SALARY AT THE NATIONAL LEVEL”

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 has extended its financial effects since 1 April 2023.

DECISION OF THE COUNCIL OF MINISTERS NO.114, DATED 01.03.2023

“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”

DCM 114 provides that subject, 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

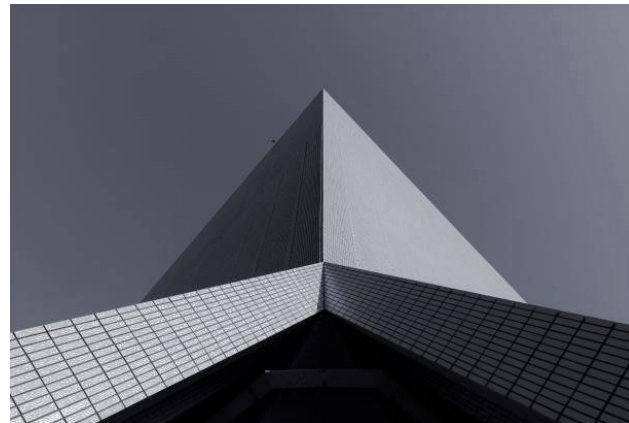
Detailed rules for the application method and procedures, the method of compensation calculation, verification and appeal shall be determined by an instruction of the Minister of Finance and Economy.

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.



LAW NO. 29/2023, DATED 30.03.2023, “ON INCOME TAX”

Law No.29 is partially aligned with Council Directive (EU) 2016/1164, dated July 12, 2016 "On the definition of rules against tax avoidance practices that directly affect the functioning of the internal market", as amended. CELEX number 32016L1164, Official Journal of the European Union, series L, no. 193, dated 19.7.2016, p. 1-14, as well as with Council Directive 2009/133/EC, dated 19 October 2009 "On the common tax system applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares in relation to different member states' companies and for the transfer of the registered office of an SE or SCE between member states", as amended. CELEX number 32009L0133, Official Journal of the European Union, series L, no. 310, dated 25.11.2009, p. 34-46

In virtue of Law No. 29, residents in the Republic of Albania are **subject to personal income tax and corporate income tax on taxable income from all sources, whether realized inside or outside the territory of the Republic of Albania in a given tax year.** Non-resident persons, unless otherwise specified by law, are subject to income tax in the following cases:

- a) for their total worldwide, taxable income attributed to a permanent seat in the Republic of Albania; and

- b) to the extent not covered by the above provision, their taxable income from all sources within the Republic of Albania in a given tax year.



Permanent seat

In virtue of Law No. 29, the concept of a permanent seat holds crucial significance and is determined as a specific place of business where the entirety or a part of the business activity of a non-resident person transpires. This encompasses a spectrum of entities, ranging from a place of administration, a branch, an office, a factory, a workshop, to a mine, an oil or gas well, a quarry, or any location engaged in the extraction of natural resources.

Moreover, the definition of a permanent seat includes also a building or construction site, an installation or assembly project, or any associated supervisory activity. However, this inclusion applies only if such sites, projects, or activities continue within the Republic of Albania for a cumulative period exceeding six months within any twelve-month timeframe.

Furthermore, a permanent seat is also determined as any activity involving the use or installation of substantial equipment in connection with the search, extraction, or exploitation of natural resources. For such activities, the classification as a permanent seat is related to their duration,

and more precisely when they extend beyond three months within any twelve-month period.

Additionally, a permanent seat is also considered the provision of services, including consulting services, by a non-resident person through their employees or other individuals, if they continue, for the same person or a related entity, in the Republic of Albania for a period or periods surpassing six months within any twelve-month duration.

As provided above, the comprehensive scope of the permanent seat concept underscores its pivotal role in determining the taxation obligations of non-resident entities within the regulatory framework of Law No. 29.

Tax Year

The tax year, as provided by Law No.29 starts on January 1st and concludes on December 31st of each calendar year.

Residence

In virtue of Law No.29 an individual qualifies as a resident taxpayer on personal income if they maintain a stable residence within the territory of the Republic of Albania throughout the entire tax year.

A person is also considered a resident taxpayer on personal income by staying in the Republic of Albania for a period or periods totaling 183 days or more during the tax year. The day of departure from the country and the day of entry into the country will be treated separately as days of his presence in the country.

In virtue of the law, a citizen of the Republic of Albania engaged in duties outside the nation's borders as an employee or official functionary of the government of the Republic of Albania is also considered a resident taxpayer on the personal income.

A resident taxpayer on personal income includes also a taxpayer who has a shop, a professional office, a factory or another place where the natural person exercises activity in the Republic of Albania, or has a usual residence in the Republic of Albania, unless the natural person has a permanent residence outside the Republic of Albania for the whole tax year and also has no permanent residence in the Republic of Albania.

Lastly, a resident taxpayer on personal income tax includes also a person who has the center of vital interests in the Republic of Albania, which means significant personal or economic ties with the Republic of Albania



Business Income

In virtue of Law No.29, business income includes, but is not limited to, income according to the following provisions, if they are not defined as income from employment:

- a) income of a natural person from any business activity of any kind, including any activity of self-employed or commercial individuals;
- b) income from interest, dividends, and royalties that are effectively related to the business;
- c) income from the sale of securities that are effectively related to the business;
- d) income from the leasing of a business, regardless of whether the leasing includes all or a part of tangible or intangible assets;
- e) income from the sale of any type of business asset and liability, including the sale of the entire business;
- f) capital gain realized from the transfer of business assets and liabilities in a business reorganization;
 - i. gifts, grants, or subsidies received by a person in connection with their business;
- g) income realized by the natural person for any type of technical or digital automatic service fee;
- h) capital gains from the revaluation of business assets when these assets were given as a contribution in kind to the capital of a company, either in its establishment or capital increase;
- i) income from issuing or profiting from virtual assets;
- j) income from transactions with virtual means that are effectively related to the business.

The annual taxable income from the business is defined as the total amount of the business income, reduced by the relevant expenses documented and carried out for the purpose of earning, preserving and securing income.

➤ Investment Income

Law No.29 provides that investment income, if not considered as business income, includes the following income:

- a) income from interests, dividends, and royalties;
- b) capital gains from the alienation of titles or financial instruments;
- c) capital gains realized from life insurance schemes;
- d) return of investment from private pension schemes;
- e) capital gain from the alienation of immovable property;
- f) income from the rental of real estate;
- g) income from issuing or profiting from virtual funds;
- h) income from transactions with virtual tools.

Taxable investment income for alienation of real estate

In virtue of Law No.29, taxable investment income from the alienation of property is defined as the difference between the sale price and the purchase price of the property.

The purchase price related to non-taxable investment income from the alienation of immovable property cannot be deducted from the tax base.

In the case of immovable property acquired by inheritance, donation, or relinquishment of ownership, the purchase price for tax purposes is the taxable value of the donated or inherited property at the time of receipt.

Rules for Controlled Foreign Entities

Law No.29 provides that when a natural person has an interest in a controlled foreign entity, the profits of which are not subject to taxation or are exempt from taxation in the Republic of Albania, any undistributed profits derived from passive income must be included in the taxable income from the investment of the natural person.

Any foreign entity is considered a controlled foreign entity when the following are met:

- a) the natural person, or together with related persons, has a direct or indirect participation of more than 50 percent of the voting rights, or directly or indirectly owns more than 50 percent of the capital, or enjoys the right to receive more than 50 percent of the profit of that entity; or
- b) the actual tax paid on its profit by the entity is less than 50 percent of the tax that would have been charged to the entity if it had been a resident entity in the Republic of Albania.

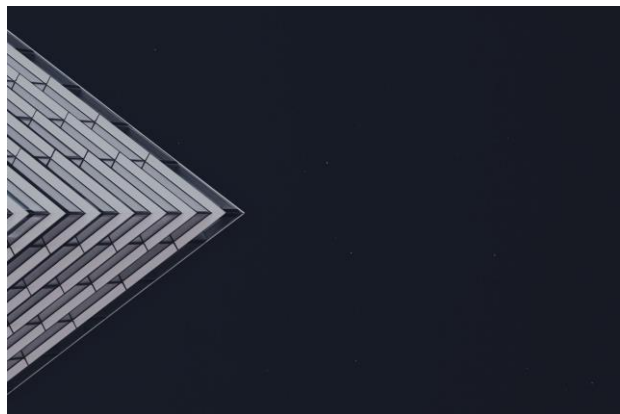
The following profits are considered to be derived from passive income:

- a) interest or any income realized from financial assets;
- b) royalties or any other income realized from intellectual property;
- c) dividends and income from the sale of securities;
- d) income from financial leases.

If passive income does not exceed 30 percent of the total profit of the controlled foreign entity, such provisions do not apply.

The law further provides that when the entity distributes profits to the natural person, and those distributed profits are included in the taxable income of the natural person, the amounts of income previously included in the tax base are deducted from the tax base for calculating the amount of tax that belongs to distributed profits.

When the controlled foreign entity has paid the tax in the state of residence on the income included in the tax base of the natural person, such tax can be credited against the general tax liability.



Taxation of Private Pensions

The contribution made by each member of a private pension fund is deducted from their personal income for tax purposes.

Annual Tax Base

In virtue of Law No.29, the annual tax base consists of:

- a) Annual taxable employment income;
- b) Annual taxable income from business;
- c) Annual taxable investment income.

Tax Rate

Law No.29 provides that taxable income from employment is taxed at the following progressive rates:

<u>Annual Tax Base</u>	<u>Tax Rate</u>
0 - 2 040 000 ALL	13%
Over 2 040 000 ALL	23%

Net taxable income (taxable profit) from business for commercial individuals and the self-employed is taxed at the following progressive rates:

<u>Annual Tax Base</u>	<u>Tax Rate</u>
0 - 14 000 000 ALL	15%
Over 14 000 000 ALL	23%

Investment income is taxed at the following rates:

- a) income from dividends: 8%;
- b) any other item of investment income: 15%.

Except as otherwise provided in the law, no cost shall be deducted against investment income.

Annual Tax Base

Law No.29 provides that if, during a tax year, a resident taxpayer of personal income tax realizes taxable income from sources outside the territory of the Republic of Albania, the tax to be paid by that taxpayer for such income must be deducted from the amount of tax paid in a foreign country on such income. The amount of foreign tax payable must be certified by specific documentation issued for this purpose by the foreign country or countries where the income was realized.

The deducted amount of foreign tax paid cannot exceed the amount of personal income tax that would be payable for this income if it had been realized in the territory of the Republic of Albania.

The foreign tax credit must be calculated separately for each country if the income is realized from foreign sources in more than one country.

The foreign tax credit must be calculated separately for the income included in the annual tax base and for the annual investment income.

Annual Tax Base

In virtue of Law No.29, every entity is subject to corporate income tax, mainly including:

- a) collective companies;
- b) limited partnerships;

- c) limited liability companies;
- d) joint-stock companies; or
- e) any other entity, including non-resident entities, not provided for in the above, including entities subject to a special tax regime.

Residence

An entity is considered resident in the Republic of Albania in a tax year if:

- a) the entity is established in the Republic of Albania, or,
- b) at any time during the tax year, management and control of the entity's affairs are exercised in the Republic of Albania.

In addition to what is provided above, the management and control of the affairs of an entity are considered to be exercised in the Republic of Albania if the meetings of the governing board of the entity are held in the Republic of Albania, or at least two of the following conditions are met:

- a) decisions regarding the daily management of the entity are taken in the Republic of Albania;
- b) at least 50 percent of the entity's board members or managers are residents of the Republic of Albania;
- c) at least 50 percent of the entity's capital or voting rights are owned directly or indirectly by persons resident in the Republic of Albania.



Transfer Pricing

In virtue of the law an entity participating in one or more controlled transactions must determine whether the conditions of a controlled transaction are in accordance

with the market principle. When the conditions imposed or dictated in one or more controlled transactions carried out by an entity are not consistent with the market principle, then the taxable profits of that entity may be increased to the extent that they are consistent with the market principle.

Law No.29 provides that the term "controlled transaction" means:

- a) any transaction between related persons when:
 - i. one of the parties in the transaction is resident and the other non-resident;
 - ii. one of the parties to the transaction is a non-resident who has a permanent seat in the Republic of Albania, to which the transaction is attributed, and the other party is another non-resident party;
 - iii. one of the parties to the transaction is a resident and the other party is a resident who has a permanent seat outside the Republic of Albania, to which the transaction is attributed;
- b. any business relationship between a non-resident and a permanent seat in the Republic of Albania of that non-resident;
- c. any business relationship between a resident and their permanent seat outside the Republic of Albania;
- d. any transaction between a resident or a non-resident who has a permanent seat in the Republic of Albania, to which the transaction is attributed, with a resident of a jurisdiction listed by instruction of the minister responsible for finance.

The conditions of a transaction include, but are not limited to, financial indicators measured in the application of the appropriate transfer pricing method.

Income and Calculation of Tax Payable on Corporate Income

Unless otherwise provided by this law, all activities of an entity are treated as business activities, and all income of an entity constitutes income from the activity.

Tax Rate

The corporate income tax rate is 15%. Exceptionally, the tax rate for dividends is 8%, without deducting any costs.

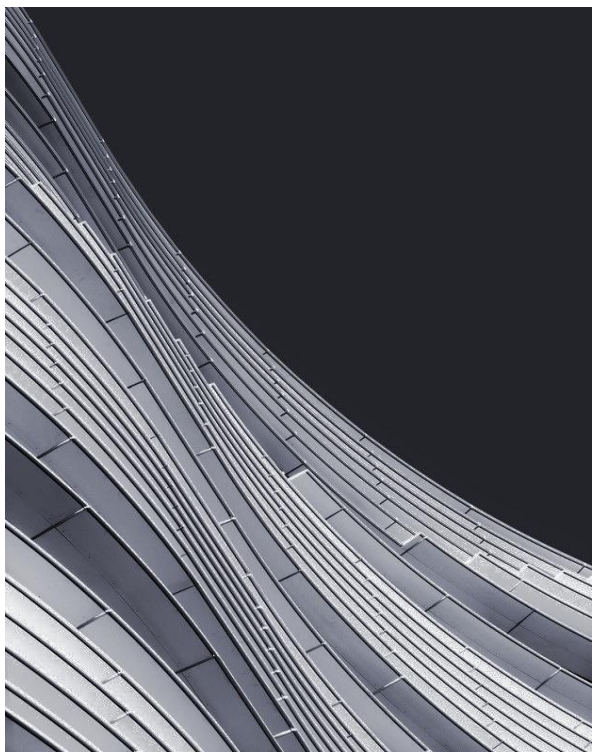
Taxable Profit

Taxable profit includes any income realized by a person subject to the law during the tax year, deducting deductible expenses.

Taxable profit and deductible expenses are determined based on financial statements prepared in accordance with the legislation in force on accounting and financial statements, with the provisions of this law, as well as with the by-laws on its implementation.

Deductible Expenses

Deductible expenses are all expenses incurred by a person subject to this law during the tax year. These expenses, for the purchase of goods or services, must be actually incurred for the purpose of making a profit and in the interest of the business, documented by the taxpayer, and not subject to any restrictions defined by the law.



Inheritance, gift and gambling tax

In virtue of Law No.29, the following are exempt from taxation:

- a) donations and inheritance received from/or between the legal heirs in the first and second place, according to articles 361 to 363 of the Civil Code, as well as donations and inheritance between the relationship sister-brother;
- b) donations and inheritances received other than those defined above up to 5,000,000 ALL for taxpayers for immovable assets and up to 1,000,000 ALL for movable assets for taxpayers;
- c) the transfer of the right of ownership to the legal heirs according to articles 361 to 363 of the Civil Code, namely through donation and/or

relinquishment of property, when the property derives from the compulsory co-ownership acquired on the basis of law no. 7501, dated 19.7.1991, "On land", amended.

Annual statement of personal income

An individual is obliged to submit an annual personal tax return when his/her annual taxable income is:

- a) more than ALL 1,200,000 per year from all sources: or;
- b) when he is in an employment relationship with more than one employer, regardless of the amount of income he receives from the employers;
- c) more than ALL 50,000 of any other income that is not subject to final withholding tax.

Tax Rate

Law No.29 provides that the table of personal income tax from employment for the period from June 1, 2023, to December 31, 2023, is as follows:

Salary Income in ALL/month		Taxable Income in ALL/month		Tax Rate in Percentage/month
From	To	From	To	
0	50 000	0	50 000	0%
50 001	60 000	0	35 000	0%
		35 001	60 000	13% of the amount over 35,000 ALL
60 001	More	0	30 000	0%
		30 001	200 000	13% of the amount over 30,000 ALL
		200 001	More	22 100 ALL + 23% of the amount over 200,000 ALL

Entry into force

This law has entered into force 15 days after publication in the Official Journal and extends its effects from January 1, 2024, with the exception of the letter "ç" of point 1 of article 69, which begins its effects with the entry into force of this law, and point 2 of article 69, which has begun its effects on June 1, 2023.

LAW NO. 94/2023, ON SOME AMENDMENTS TO LAW NO. 61/2012, "ON EXCISE DUTIES IN THE REPUBLIC OF ALBANIA."

Law No. 94/2023 introduces significant amendments to specifically addressing the calculation and indexation of excise duties.

In virtue of the new amendment, the excise duty calculated according to point 2 of article 18 of the law is indexed every two years to the extent of the official rate of inflation announced by INSTAT, but not more than 1.5%, with the exception of tobacco and its by-products for which the excise duty will be applied according to the calendar defined in appendix no. 1 attached to the law.

The excise tax indexation, according to the above, is the sum of the announced rate of inflation of the second previous year plus the announced rate of inflation that results until the end of the 9th month of the previous year, but not more than 1.5%.

This means that the excise duty, a crucial component of fiscal policy, will undergo periodic adjustments in line with the official rate of inflation.

Entry into Force

This law enters into force 15 days after its publication in the Official Journal and begins its effects on January 1, 2024.



LAW NO. 95/2023, ON SOME AMENDMENTS TO LAW NO. 9920, DATED 19.5.2008, "FOR TAX PROCEDURES IN THE REPUBLIC OF ALBANIA."

Law No. 95/2023 introduces crucial additions and amendments to Law No. 9920, dated 19.5.2008, "For Tax Procedures in the Republic of Albania," reflecting a nuanced approach to tax terminology and reporting obligations.

The new amendment, provides that throughout the content of the law:

- a) The words "tax on profit" are now replaced by the words "tax on corporate profit."
- b) The words "simplified tax on profit for small business" have been substituted with the words "tax on personal income from business."

Basic terminology for the report for each country

In virtue of the new amendment, the following is provided:

- a) "Group" is a group of entities related by ownership or control such that consolidated financial statements are required to be prepared for financial reporting purposes under applicable accounting principles, or would be required if the capital interests of any of the entities would be traded on a public stock exchange;
- b) "Multinational corporate group" is any group that:
 - i. includes two or more entities whose tax residence is in different jurisdictions or includes an entity that is resident for tax purposes in one jurisdiction and is subject to tax in respect of business carried on through a permanent seat in another jurisdiction; or
 - ii. is not an exempt multinational corporation group;
- c) "Exempted multinational company group" is a group that has total consolidated income of the group less than 105,000,000,000 (one hundred and five billion) ALL during the fiscal year preceding the reporting fiscal year, as reflected in the consolidated financial statements for that fiscal year;
- d) "Constituent entity" is:
 - i. any separate business unit of a multinational enterprise group that is included in the consolidated financial statements of the multinational enterprise group for financial reporting purposes or would be included if the

- equity interests of such business unit were traded on a securities' public stock exchange market;
- ii. any business unit that is excluded from the consolidated financial statements of the multinational company group solely for reasons of size or materiality; and
- iii. any permanent seat of any separate business unit of the multinational group of companies included above, provided that the business unit prepares a separate financial statement for such permanent seat for the purposes of financial reporting, reporting in accordance with tax legislation, or internal management control;
- e. "Reporting entity" is the constituent entity, which is required to submit a report for each country, in accordance with the requirements of this law, in its jurisdiction of tax residence, on behalf of the group of multinational companies. The reporting entity is the ultimate parent entity;
- f. "Ultimate parent entity" is a constituent entity of a multinational company group that meets the following criteria:
 - i. owns directly or indirectly a sufficient interest in one or more other constituent entities of a multinational company group such that it is required to prepare consolidated financial statements in accordance with accounting principles generally applied in its jurisdiction of tax residence, or if its equity interests are traded on a public stock exchange in its jurisdiction of tax residence; and
 - ii. there is no other constituent entity of the group of multinational companies that directly or indirectly owns an interest as described in the above;
- g. "Fiscal year" is an annual accounting period for which the ultimate parent entity of the group of multinational companies prepares its financial statements;
- h. "Reporting fiscal year" is the fiscal year whose financial and operational results are reflected in the report for each country defined in this law;
- i. "Consolidated financial statements" are the financial statements of a multinational company group in which the assets, liabilities, income, expenses, and cash flows of the ultimate parent entity and constituent entities are presented as those of a single entity.

Obligation to submit the report for each country

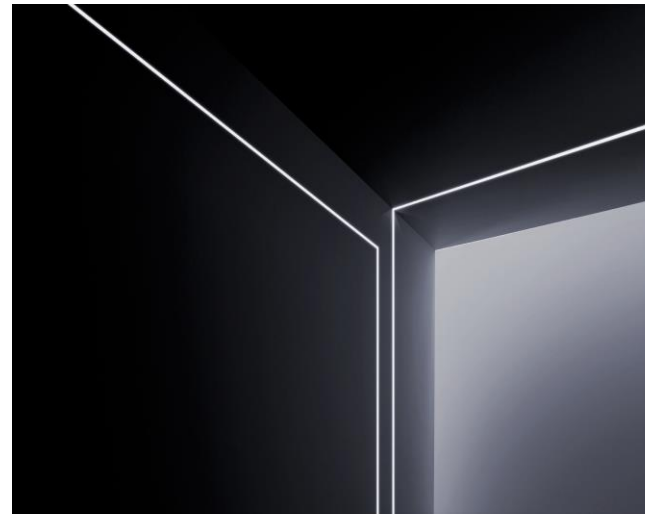
Each final parent entity of a multinational company group, which is resident for tax purposes in the Republic of Albania, submits a report for each country, in accordance with the requirements of this law, to the tax administration

of the Republic of Albania for their reporting fiscal year on or before the date defined in this law.

Notice

Each constituent entity, which is resident for tax purposes in Albania, must notify the tax administration no later than the last day of the reporting fiscal year of the group of multinational companies:

- a) if it is the final parent entity of the group; or
- b) when the constituent entity is not the ultimate parent entity, the identification data and tax residence of the reporting entity.



Deadline for Delivery

The report for each country, according to the provisions of this law, is submitted no later than 12 (twelve) months after the last day of the reporting fiscal year of the group of multinational companies.

Use and confidentiality of report information for each country

The tax administration of the Republic of Albania uses the report for each country for the purposes of assessing high-level transfer pricing risks and other risks related to tax base erosion and profit shifting to or from the Republic of Albania, including the assessment of the risk of non-compliance by members of the multinational group of companies with applicable transfer pricing rules and, where appropriate, for economic and statistical analysis.

Penalties related to reporting obligations for each country

Failure to fulfill the obligation to submit the report on time for each country, according to the provisions of this law, is

punishable by a fine of 10,000 lek for each month of delay up to 12 months after the deadline defined in this law.

Entry into Force

This law enters into force 15 days after its publication in the Official Journal and begins its effects on January 1, 2024.



LAW NO. 96/2023, ON SOME AMENDMENTS TO LAW NO. 9975, DATED 28.7.2008, "ON NATIONAL TAXES."

In virtue of the new amendments, in the item 6, of article 3 of the law, the words "for coal (according to the headings of the CNG 2701; 2702)" are replaced by the words "for coal (according to the heads of the CNG 2701; 2702; 2704)".

Additionally, in virtue of the new amendments, the carbon tax is set at the rate of:

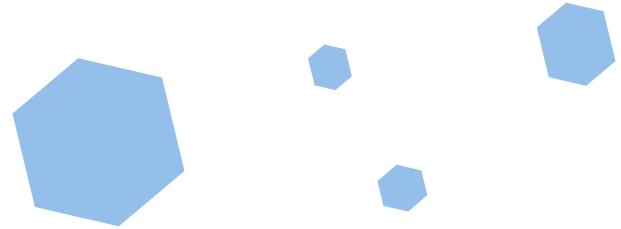
- a) 1.5 ALL per liter for gasoline;
- b) 3 ALL per liter for diesel;
- c) for coal:
 - i. 4.5 ALL per kilogram from July 1, 2026;
 - ii. 6.5 ALL per kilogram for 2027;
 - iii. 9 ALL per kilogram for 2028;
 - iv. 12 ALL per kilogram for 2029;
 - v. 15.3 ALL per kilogram for 2030 and beyond;
- d. 3 ALL per liter for solar;

- e. 3 ALL per liter for mazut;
- f. 3 ALL per liter for kerosene;
- g. 3 ALL per kilogram for petroleum coke.

Such tax is not paid for the quantities of gasoline and diesel that are exported.

Entry into Force

This law enters into force 15 days after its publication in the Official Gazette.



DECISION OF THE EUROPEAN COURT OF JUSTICE, DATED 22.11.2022

In accordance with the anti-money-laundering directive, a Luxembourg law adopted in 2019 established a Register of Beneficial Ownership and provides that a whole series of information on the beneficial owners of registered entities must be entered and retained in that register, [similar to the legal provisions of Albania in this regard](#).

Some of that information is accessible to the general public, in particular through the Internet. That law also provides that a beneficial owner may request Luxembourg Business Registers (LBR), the administrator of the Register, to restrict access to such information in certain cases.

In that context, the tribunal d'arrondissement de Luxembourg (Luxembourg District Court, Luxembourg) was seized of two actions, brought by a Luxembourgish company and by the beneficial owner of such a company, respectively, which had previously unsuccessfully requested LBR to restrict the general public's access to information concerning them.

Since that court considered that the disclosure of such information is capable of entailing a disproportionate risk of interference with the fundamental rights of the beneficial owners concerned, it referred [a series of questions to the Court of Justice for a preliminary ruling concerning the interpretation of certain provisions of the anti-money-laundering directive and the validity of those provisions in the light of the Charter of Fundamental Rights of the European Union \('the Charter'\)](#).

The Court, sitting as the Grand Chamber, holds that, in light of the Charter, the provision of the anti-money-

laundrying directive whereby Member States must ensure that the information on the beneficial ownership of corporate and other legal entities incorporated within their territory is accessible in all cases to any member of the general public is invalid.

According to the Court, the general public's access to information on beneficial ownership constitutes a serious interference with the fundamental rights to respect for private life and to the protection of personal data, enshrined in Articles 7 and 8 of the Charter, respectively.

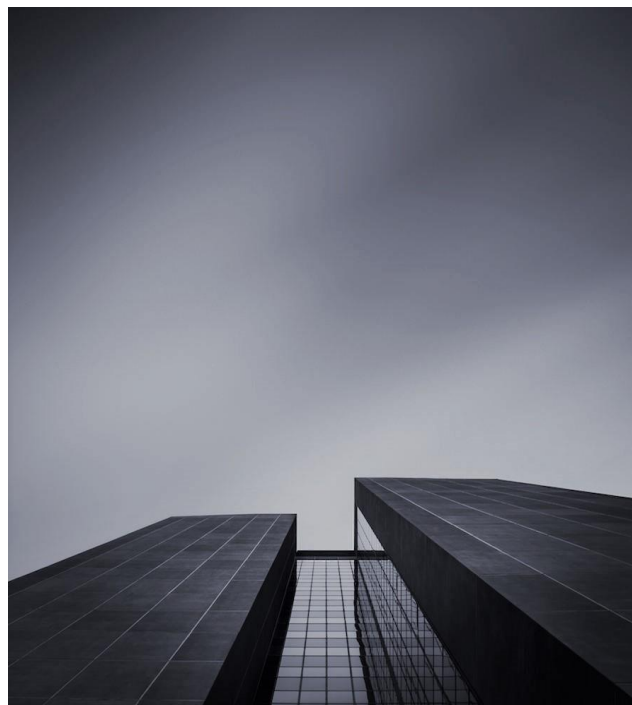
Indeed, the information disclosed enables a potentially unlimited number of persons to find out about the material and financial situation of a beneficial owner. Furthermore, the potential consequences for the data subjects resulting from possible abuse of their personal data are exacerbated by the fact that, once those data have been made available to the general public, they can not only be freely consulted, but also retained and disseminated.

That said, the Court finds that, by the measure at issue, the EU legislature seeks to prevent money laundering and terrorist financing by creating, by means of increased transparency, an environment less likely to be used for those purposes. It holds that the legislature thereby pursues an objective of general interest capable of justifying even serious interferences with the fundamental rights enshrined in Articles 7 and 8 of the Charter, and that the general public's access to information on beneficial ownership is appropriate for contributing to the attainment of that objective.

The Court holds, however, that the interference entailed by that measure is neither limited to what is strictly necessary nor proportionate to the objective pursued. In addition to the fact that the provisions at issue allow for data to be made available to the public which are not sufficiently defined and identifiable, the regime introduced by the anti-money-laundering directive amounts to a considerably more serious interference with the fundamental rights guaranteed in Articles 7 and 8 of the Charter than the former regime (which provided, as well as access by the competent authorities and certain entities, for access by any person or organization capable of demonstrating a legitimate interest), without that increased interference being capable of being offset by any benefits which might result from the new regime as compared against the former regime, in terms of combating money laundering and terrorist financing.

In particular, the fact that it may be difficult to provide a detailed definition of the circumstances and conditions under which such a legitimate interest exists, relied upon by the Commission, is no reason for the EU legislature to provide for the general public to access the information in question. The Court adds that the optional provisions which allow Member States to make information on beneficial ownership available on condition of online

registration and to provide, in exceptional circumstances, for an exemption from access to that information by the general public, respectively, are not, in themselves, capable of demonstrating either a proper balance between the objective of general interest pursued and the fundamental rights enshrined in Articles 7 and 8 of the Charter, or the existence of sufficient safeguards enabling data subjects to protect their personal data effectively against the risks of abuse.



Summary

The ECJ decision has declared the prescribed public accessibility to the UBO register invalid. The ECJ has found that the public access to UBO information constitutes a serious interference with the fundamental rights to respect private and family life and the right to protection of personal data, which is not limited to what is strictly necessary and disproportionate to the objective pursued.

A restriction of fundamental rights can be justified if the measure concerned pursues an objective of general interest and the measure is limited to what is strictly necessary and is not disproportionate.

Therefore, the ECJ has found that the restriction of fundamental rights due to the public accessibility of UBO information goes beyond what is necessary and proportionate in view of the objectives pursued. The public access to information in the UBO registers makes it for instance possible to draft a profile, which can be used for purposes other than the objective of the Directive.

The fact that mandatory public accessibility was introduced because the European Commission found it difficult to determine what should be considered a “legitimate interest” in case of an alternative approach to allowing insight in UBO information is, according to the ECJ, insufficient to justify public accessibility.

The judgement of the ECJ may also have implications for other European regulations that provide for public disclosure of certain (personal) data. [What the scope of the judgement will be for those regulations is not yet clear at this time.](#)



Similarities with Albania

Following numerous recommendations from the Committee of Experts on the Evaluation of Anti - Money Laundering Measures and the Financing of Terrorism - MONEYVAL- of the Council of Europe with regard to the establishment of a centralized register, the Albanian Parliament enacted Law 112/2020 “On the Register of Beneficial Owners” (the “UBO Law”), as amended.

UBO Law provides, among other, that the Register of Beneficiary Owners (“RBO”) consists of an electronic database held by the National Business Center (“NBC”) which [contains data on the beneficial owners of the reporting entities identified by UBO Law.](#)

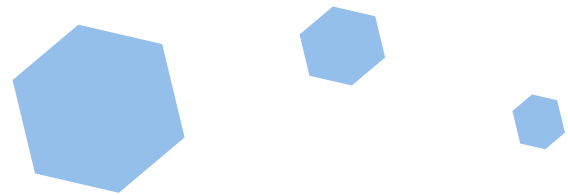
In virtue of the law, the RBO makes available online to the public the following set of data regarding the beneficial owners: [name and surname, nationality, year and month of birth, date of determination of the individual as beneficial owner, the percentage of ownership and if the ownership is direct or indirect.](#)

The other data entered in the RBO are freely accessible only to the authorized persons of the reporting entity (exclusively in relation to the data provided with respect to that reporting entity) and to competent public authorities.

Other persons that require RBO data, which is not freely accessible, [must submit a written request to the NBC and prove that they have a legitimate interest in the required data.](#)

It is important to highlight the fact that UBO Law has been partly approximated with the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 “On the prevention of the use of the financial system for the purposes of money laundering or terrorist financing”, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, as amended.

[However, now, also in light of the most recent decision of the ECJ in this regard, it remains to be seen how the Albanian local legislation on ultimate beneficiary owners will be affected.](#)



LAW No. 61/2023 "ON THE CONTROL OF THE CULTIVATION AND PROCESSING OF THE CANNABIS PLANT AND THE PRODUCTION OF ITS BY-PRODUCTS, FOR MEDICAL AND INDUSTRIAL PURPOSES"

[The Law](#) determines the rules for the cultivation, production and controlled circulation of the cannabis plant, its by-products and final products [for medical and industrial use.](#)

Also, the purpose of this Law is to regulate and guarantee the process of control and supervision of cultivation, production and circulation, as well as the export of the cannabis plant, its by-products and final products for medical and industrial purposes.

In virtue of the Law the term "[Cannabis plant for industrial purposes](#)" refers to the cannabis plant, including all fresh or dried parts of the plant and seeds of the species *Cannabis sativa* and *Cannabis ruderalis*. These varieties contain no more than 0.8% THC and are cultivated specifically for industrial purposes.

Additionally, the term "[Cannabis plants for medical purposes](#)" encompasses plants of various varieties, variations, and subspecies of *Cannabis sativa*, *Cannabis indica*, and *Cannabis ruderalis*. These plants are obtained through cultivation for medical purposes and scientific research under controlled conditions, in accordance with the regulations stipulated in this law.

Scope of application

The Law provides that it applies to every subject that performs licensed activities for:

- a) the import of seeds or seedlings or their reproduction;
- b) the cultivation of the medical or industrial cannabis plant;
- c) the production of the by-product or final product;
- d) circulation of the cannabis plant, by-product or final product.

Also, the law shall apply to any state structure that performs supervision, control and inspection of the implementation of this law in the future.

The National Cannabis Control Agency

The National Cannabis Control Agency (hereinafter "[the Agency](#)"), is a public budget legal entity, subordinate to the minister responsible for health, whose mission shall be that of supervision, control and inspection of the cultivation and processing of the cannabis plant and the production of its by-products for medical and industrial purposes and monitoring the implementation of this law.

As part of the Agency, the Licensing Commission is established to evaluate and assess applications for obtaining licenses for the cultivation of cannabis for medical purposes.

[The license for the production of cannabis for medical purposes may include the following activities:](#)

- a) Cultivation, production and processing of the cannabis plant for medical purposes;
- b) Transportation of seeds, plants and cannabis by-products for medical purposes in the territory of the Republic of Albania;

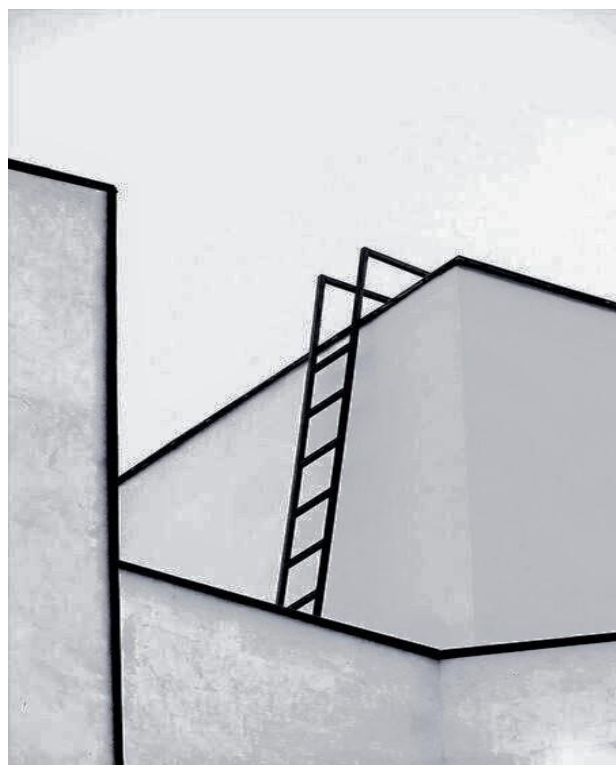
- c) Export of cannabis plants, products and by-products for medical purposes.

The license can be granted for one or multiple activities specified above. The license is valid for a period of 15 years and can be renewed upon request for each activity. The Law provides that the selection procedure for license renewal is organized by the Agency.

[Conditions for obtaining a license for the production of cannabis for medical purposes](#)

In virtue of the Law any legal subject seeking a license must meet the following conditions for each activity required for licensing:

- a) Possesses a minimum of [3 years of experience in at least 3 main activities](#), such as the [production, cultivation, and distribution of cannabis](#) plants for medical purposes;
- b) The subject or one of its [shareholders, owning 51% of the company's shares, must:](#)
 - i. Have engaged in the production of cannabis plant by-products in one of the countries within the [Organization for Economic Cooperation and Development \(OECD\)](#) for a minimum of [5 years](#).
 - ii. Hold good manufacturing practices certification issued by either the [European Medicines Agency](#) or the [US Food and Drug Administration](#) for a minimum of [3 years](#).
 - iii. Maintain a company capital of no less than [100,000,000 \(one hundred million\) ALL](#).



The legal subject submitting an application for a medical cannabis production license must, among other requirements:

- a) Clearly specify the activity or activities for which it seeks to be licensed;
- b) Provide detailed information about the units where the activities will take place, including their coordinates and legal relationship with the land;
- c) Present a comprehensive business development plan that outlines the cultivation model, purpose of cultivation, and the minimum and maximum surface area of the development unit;
- d) Submit a processing plan for drying, cutting and storage facilities, equipped according to the anticipated production capacity specified in the production development plan;
- e) Present a security plan for the cultivation and processing area, which includes elements of protection, fencing, 24-hour physical security with cameras, entrance barriers and barbed wire on the fence, following the standards determined by the decision of the Council of Ministers;
- f) Provide a self-declaration of employing a minimum of 10 individuals for each unit, including at least 2 qualified employees with a minimum of 3 years of work experience in the fields of pharmacy and agro-engineering;
- g) Submit a self-declaration expressing the willingness to enter into an agreement with the responsible structure of the ministry responsible for public order and security. This agreement guarantees access for inspection to the private physical security company overseeing the cultivation environments of the cannabis plant and its by-products, as well as the movement of vehicles dedicated to trading raw materials and products, in accordance with the regulations and fees established by the Council of Ministers;
- h) Provide a self-declaration stating the intention to commence the activities described in the license within 12 months of its approval;
- i) Submit a self-declaration stating the commitment to pay an annual fee equal to 1.5% of the annual turnover, but in any case, not less than 10,000,000 (ten million) ALL, starting from the third year;
- j) **Submit a bank guarantee equivalent to 10% of the investment value;**
- k) Provide a self-declaration confirming compliance with all traceability requirements as stipulated in the law;
- l) Submit a self-declaration disclosing the processes carried out by third parties, along with accurate identification data for evaluation and verification purposes;
- m) Present a self-declaration confirming the availability of payment for tracking system fees.



Conditions for obtaining a license for the production of cannabis for medical purposes

The permit for the exercise of the activity (hereinafter referred to as the "**Permit**"), grants permission for the production of cannabis for industrial purposes. It allows the import of seeds or seedlings, or their reproduction for use as seeds/seedlings, as well as cultivation, production and processing, transportation, and export of by-products and final products of cannabis for industrial purposes.

In virtue of the Law, in order to obtain a production permit, a request shall be submitted to the ministry responsible for agriculture. The request must be accompanied by the following documentation:

- a) Registration document of the farmer, whether a natural person or a legal subject;
- b) A list of personnel employed or subcontracted to manage the cultivation process, including at least one agronomist. This should be accompanied by:
 - i. A certificate issued by the prosecution body proving that the subject is not undergoing criminal prosecution;
 - ii. A certificate issued by the judicial body proving that the subject is not under trial for any criminal offense;
 - iii. A certificate of judicial status proving that the subject has not been criminally convicted by a final court decision;
 - iv. A statement granting approval for the competent authorities to conduct checks on the employees' integrity.

- c) A self-declaration regarding the source of financing for the expenses;
- d) A self-declaration stating that there are no outstanding tax obligations towards the tax administration and local units;
- e) A self-declaration confirming the conclusion of a preliminary agreement for storage and physical security, in accordance with the rules and fees determined by the decision of the Council of Ministers;
- f) A preliminary sales agreement with the subject licensed for processing the raw material, which will purchase it;
- g) Ownership documentation, including a copy of the land registration card and an indicative map, or a lease contract if the land is not owned by the requesting subject. The land should be located in cadastral areas approved for cultivation. If the land does not have a final ownership document, the deed of taking ownership and the survey plan must be provided;
- h) A self-declaration regarding the payment of tracking system fees.



Administrative offenses

The Law provides fines ranging from 500,000 (five hundred thousand) to 5,000,000 (five million) ALL for violations of its provisions.

Summary

Significant regulations will be put in place to govern the cultivation, production and circulation of cannabis for both medical and industrial purposes. The Law aims to ensure transparency, control, and supervision throughout the entire cannabis supply chain.

One of the key provisions of the Law is the establishment of the National Cannabis Control Agency, a dedicated entity responsible for overseeing and monitoring the cultivation and processing of cannabis plants, as well as the production of its by-products for medical and industrial use.

To engage in cannabis-related activities, such as cultivation, production, and circulation, subjects must obtain the necessary licenses. In virtue of the Law the licensing process involves a thorough evaluation by the Licensing Commission, which reviews and assesses applications in accordance with the law's provisions. Strict criteria will be put in place, including requirements for experience, compliance with manufacturing standards, financial stability and security measures. These measures aim to ensure that only qualified and responsible subjects will be involved in the cannabis industry.

Moreover, the Law presents administrative sanctions for non-compliance, reinforcing the importance of adhering to the regulations. Violations such as unauthorized drug use, improper advertising and non-compliance with transportation, security, and tracking requirements will result in fines.

The introduction of this new Law aims at developing a transparent and responsible cannabis industry, balancing the economic opportunities and health benefits associated with cannabis production while safeguarding against potential risks. It sets a framework for the growth and development of the cannabis sector, providing a legal structure that ensures compliance, quality control and traceability.

It remains to be seen how this Law will contribute to the emergence of a regulated cannabis industry in Albania.



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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 intermediary 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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