

Muja Law brings you the latest *Legal Update* on the financial measures taken in Albania in order to cope with the situation created by the pandemic caused by the COVID-19 virus.

Recently, in the Official Journal No.53, dated 28.03.2020 of the Republic of Albania, several important acts have been published that aim to provide financial assistance for business activities that are facing difficulties because of the coronavirus, citizens who are unable to cope with the dire circumstances, and also for the health sector.

Some of these acts are as follows:

1. Normative Act No.11, dated 27.03.2020, of the Council of Ministers, “On an addition to Law No. 9632, dated 30.10.2006 ‘*On the Local Tax System*’”, as amended;
2. Decision of the Council of Ministers No.249, dated 27.03.2020 “On the details and the manner of use of the Anti COVID-19 fund”;
3. Decision of the Council of Ministers No. 254, dated 27.03.2020 “On the determination of the procedures, documentation and the amount of financial assistance for employees in business subjects with an annual income of up to ALL 14 million, economic aid and payment of unemployment income payments during the period of natural disaster, declared as a consequence of COVID-19”;
4. Decision No.3, dated 27.03.2020, of the Inter-Ministerial Committee on Civil Emergencies, assembled on 25.03.2020, “On the determination of the procedures, documentation and amount of financial assistance to employees in business subjects with an annual income of up to ALL 14 million, economic aid and unemployment income payments during the period of natural disaster, declared as a consequence of COVID-19”.

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

1. Normative Act No.11, dated 27.03.2020, of the Council of Ministers, "On an addition to Law No. 9632, dated 30.10.2006 'On the Local Tax System'", as amended, provides as follows:

As an exemption from the provisions of Law No. 9632, dated 30.10.2006, "On the Local Tax System", as amended, the payments of prepaid installments of the simplified tax on profit are carried out with commercial banks and the Albanian Mail, sh.a., on behalf of the tax administration, for the first and second quarters of 2020, within October 20, 2020, while for the third and fourth quarters of 2020, within December 20, 2020.

This Normative Act has entered into force immediately.

a) ALL 500 million, under the program "Secondary care services", in the category of current expenditures;

b) ALL 150 million, under the program "Public health services", in the category of current expenditures;

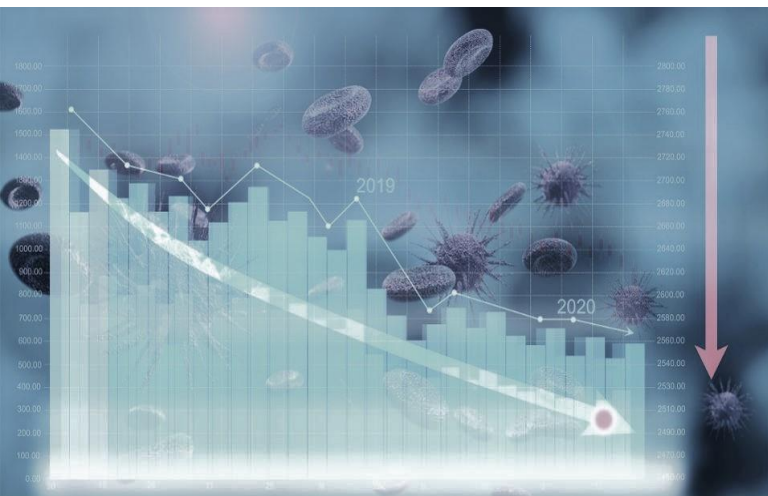
c) ALL 50 million, under the program "National Emergency Service", in the category of current expenses;

ç) ALL 800 million, under the program "Planning, management and administration", in the category of current expenditures;

d) ALL 1 billion, under the program "Planning, management and administration" in the category of capital expenditure.

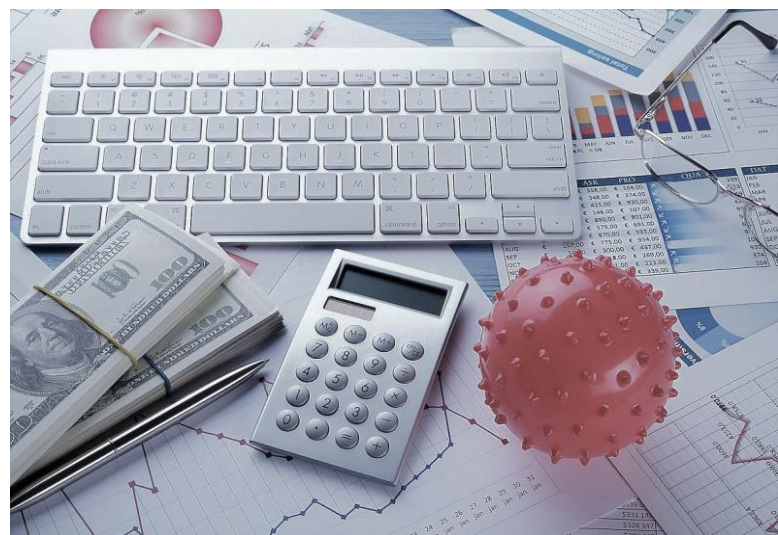
The Ministry of Health and Social Protection and the Ministry of Finance and Economy are in charge of implementing this decision.

This Decision has entered into force immediately.



2. Decision of the Council of Ministers No.249, dated 27.03.2020 "On the details and manner of use of the Anti COVID-19 fund", provides as follows:

The Anti Covid-19 fund of ALL 2. 5 billion shall be used by the Ministry of Health and Social Protection, according to the following details:



3. Decision of the Council of Ministers No. 254, dated 27.03.2020 “On the determination of the procedures, documentation and the amount of financial assistance for employees in business subjects with an annual income of up to ALL 14 million, economic aid and payment of unemployment income payments during the period of natural disaster, declared as a consequence of COVID-19”, provides as follows:

Types of financial assistance

Financial assistance to employees in business subjects with an annual income of up to ALL 14,000,000 (fourteen million), for the period following the termination of economic activity/employment relationship due to the epidemic situation caused by COVID-19, according to orders of the Minister of Health and Social Protection.

An additional payment to individuals who receive economic aid payments.

An additional payment to individuals who receive unemployment income payments.

Beneficiaries, criteria and documentation for obtaining the financial assistance for employees in businesses with an annual income of up to ALL 14 million

The financial assistance for the self-employed/employees is calculated and provided according to the payroll list declared by the taxpayers. For those subjects that declare payrolls every quarter, the payroll of the last quarter of 2019 is taken into consideration, while for subjects that declare payrolls each month, the payroll of January 2020 is taken into consideration.

Payrolls are updated with the changes declared on the ESig-27 form until the closing date of the activity.

The application for financial assistance is made by the self-employed subject or the employee. Individuals who are in more than one payroll only receive a minimum wage as financial assistance.

Beneficiaries of financial assistance are self-employed individuals/employees in subjects with annual income of up to ALL 14,000,000 (fourteen million) for 2019, according to the following categorization:

- a) Self-employed natural persons;
- b) Unpaid family employees of a commercial natural person;
- c) Employees in commercial natural persons;
- d) Employees in legal subjects.



To qualify for financial assistance, the taxpayer must:

a) Have ceased activity in accordance with the relevant orders of the Minister of Health and Social Protection (“MHSP”) issued for this purpose. (*Author’s Note: Pursuant to the Order of the Minister of Health and Social Protection, No. 193, dated 20.03.2020, “On the prevention and fighting of infections and infectious diseases”, from March 24, 2020, shall not be permitted the exercise of the activities as specified in the table attached to this Order*);

b) Have tax liability for the simplified profit tax and the profit tax;

c) Have declared income, according to the profit tax/simplified profit tax declaration for 2019, up to ALL 14,000,000 (fourteen million).

Subjects that meet the above requirements must submit to the General Tax Directorate, through the e-filing portal, a request with the beneficiary’s data, including:

a) Identification data of the taxpayer provided with a Subject’s Unique Identification Number;

b) Beneficiary identification data, including self-employed, unpaid family workers and employees, which include:

i. Name, father’s name, last name;

ii. The beneficiary's personal identification number;

iii. The bank where the beneficiary has the current bank account;

iv. Bank account number.



Verification procedure for receiving financial assistance

The structures of the regional tax directorates conduct verifications and identify applicants and their data on their request within the first 10 (ten) days of the following month, analyzing:

a) The taxpayer and his activity, verifying that he is part of the list of activities benefiting from financial assistance;

b) Declarations made and payments made for taxes and contributions;

c) A comparable list of electronically submitted benefits with the electronically submitted payroll and the dues paid;

c) Revenues realized by the subject for 2019.

In order to avoid abuse, tax administration structures, using risk analysis, may also conduct verifications in the beneficiary subjects to verify if they are closed.

The General Tax Directorate submits to the General Directorate of Treasury a summary list of individuals receiving financial assistance for the respective bank, with the following data:

- a) Name, father's name, last name, telephone number, e-mail;
- b) The beneficiary's personal identification number;
- c) The bank where the beneficiary has the current bank account;
- ç) Bank account number.

The General Directorate of Treasury makes payments to individuals, beneficiaries under this decision.

The amount of financial assistance, economic aid and unemployment income payments

The financial assistance for the self-employed, unpaid family workers and employees under this decision shall be equal to the minimum wage in force, ALL 26,000 (twenty-six thousand) per month, approved by decision of the Council of Ministers.

Payment of economic aid for beneficiary subjects, according to Decision No. 597, dated 4.9.2019, of the Council of Ministers, *“On the determination of the procedures, documentation and monthly amount of economic aid and the use of additional funds over the contingent fund for economic aid”*, resulting as beneficiaries of economic aid or applying for it before March 10, will be twice the amount calculated under the above decision.

Payment of unemployment income for beneficiary subjects according to Decision No. 161, dated 21.3.2018, of the Council of Ministers, *“On payment of unemployment income”*, resulting as beneficiaries of

unemployment income payment or applying for it before March 10, 2020, will be twice the amount calculated according to the above decision.

The verification, calculation and distribution to the beneficiaries as above shall be carried out according to the documentation and distribution procedures by the institutions designated by the applicable legislation.



Financial effects and competent authorities

The financial effects, in the amount of ALL 5 850 000 000 (five billion eight hundred and fifty million), will be borne by the item *“Contingency for the anti-COVID social package”*, adopted in the state budget for 2020.

The Minister of State for Reconstruction, the Ministry of Finance and Economy, the Ministry of Health and Social Protection, the General Tax Directorate, the National Agency for Employment and Skills (*“NAES”*) and the State Social Service are responsible for implementing this decision.

Entry into force

This Decision shall enter into force *after its publication in the Official Journal* and shall extend its effects from *1 April 2020* until the end of the COVID-19 epidemic, *but not more than 3 (three) months*.



4. Decision No.3, dated 27.03.2020, of the Inter-Ministerial Committee on Civil Emergencies, assembled on 25.03.2020, “On the determination of the procedures, documentation and amount of financial assistance to employees in business subjects with an annual income up to ALL 14 million, economic aid and unemployment income payments during the period of natural disaster, declared as a consequence of COVID-19”, provides as follows:

Financial assistance will be provided to employees in business subjects with an annual income of up to ALL 14,000,000 (fourteen million), for the period following the cessation of their economic activity / employment, due to the epidemic status of COVID-19, according to orders of the Minister of Health and Social Protection.

An additional payment will be provided to individuals who receive financial aid payments.

An additional payment will be provided to individuals who receive unemployment income payments.

The draft decision of the Council of Ministers, "*On the determination of procedures, documentation and the amount of financial assistance to employees in business subjects with annual incomes of up to 14 million ALL, economic aid and the payment of the unemployment incomes during the period of natural disaster, declared as a consequence of covid-19*", proposed by the Minister of State for Reconstruction, according to the text attached to this decision, has been approved in principle.

The Minister of State for Reconstruction, the Ministry of Finance and Economy, the Ministry of Health and Social Protection, the General Tax Directorate, the National Agency for Employment and Skills (“NAES”) and the State Social Service are responsible for implementing this decision.

This Decision has entered into force immediately.



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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 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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