



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

Recently in the Official Journal No.154, dated 26.08.2020, among other legal acts have been published the following:

- ❖ Law No. 106/2020 “*On some amendments to Law No. 8438, dated 28.12.1998, "On income tax", as amended*”, (hereinafter referred to as “*Law No.106*”);
- ❖ Law No. 107/2020 “*On an amendment to Law No. 8438, dated 28.12.1998, "On income tax", as amended*”, (hereinafter referred to as “*Law No.107*”);
- ❖ Instruction of the Minister of Finance and Economy No. 32, dated 25.8.2020 “*On an amendment to Instruction No. 6, dated 30.01.2015 "On value added tax in the Republic of Albania", as amended*”, (hereinafter referred to as “*Instruction No.32*”).

The above legal acts provide the following amendments:

❖ **Law No.106**

Scope of profit tax

Point “a” and “c” of article 16 of *Law No. 8438, dated 28.12.1998, "On income tax", as amended*, are amended as follows:

“a) Legal entities who carry out profitable activities in the Republic of Albania and partnerships, with incomes over 8 000 000 ALL per year, are subject to profit tax;

c) Subject to profit tax is any other person, regardless of its status or legal form of registration or its recognition, unless that person is subject to simplified small business profit tax.”

Tax rate

Point 1 of article 28 of *Law No. 8438, dated 28.12.1998, "On income tax", as amended*, is amended as follows:

“The profit tax rate is:

- a) 0% for taxpayers with incomes up to 14 000 000 ALL per year.
- b) 15% for taxpayers with incomes over 14 000 000 ALL per year.”

Entry into force

Law No.106 enters into force 15 days after its publication in the Official Journal and starts its effects from 01.01.2021.



❖ Law No.107

Excluded income

The following provision is added after point 10, of article 8/1 of *Law No. 8438, dated 28.12.1998, "On income tax", as amended:*

“10.1 Salaries and bonuses of all types of athletes who have regular contracts with sports clubs, which are recognized by the respective sports federations, received during the period 01.01.2021 to 31.12.2022.”

Entry into force

Law No.107 enters into force on 01.01.2021.



❖ Instruction No.32

Limitations to deduction of VAT on certain supplies

In article 55, paragraph II, letter “a”, of the instruction No. 6, dated 30.01.2015, *"On value added tax in the Republic of Albania", as amended*, is made the following amendment:

“II. Transport

Norms of diesel use by activities are defined as follows:

“a) Passenger transport up to 100%.”

Entry into force

This instruction enters into force after its publication in the Official Journal.



If you wish to know more on our publications, legal updates, tax updates, legal bulletins, or other articles, you may contact the following:

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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 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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