



Muja Law office brings you the second Issue of the Tax Update for January 2020.

On January 20, 2020, in the Official Gazette No.3 of the Republic of Albania, among other, was published Law No. 87/2019 “On invoice and circulation’s monitoring system” (“*Law on invoice*”), dated 18.12.2019. This law has been partly approximated with Directive 2014/55 EU of the European Parliament, dated April 16, 2014 “On electronic invoicing in public procurement”, as also with the Council Directive 2006/112/CE, dated 28 November, 2006 “On the common system of the added value tax”, as amended.

The law on invoice’s aim is to determine the principles, rules, criteria, obligations, limits and procedures that the taxpayer, manufacturers and maintainers of software solutions, must follow in relation to the issuance of the invoice, the accompanying invoice and the electronic invoice, the invoices’ content, data registration, the invoice issuance fiscalization procedure, etc.

Some of the most important aspects of the Law on Invoice are as follows:

Subjects

The law on invoice applies to all taxpayers that issue an invoice, according to this law and the legislation in force on the added value tax, public authorities, as also banks, non-bank financial institutions and other subjects, that offer electronic invoice payment services.

In addition, law on invoice provides that taxpayers, that must issue an invoice, despite their annual circulation, realized in the previous or actual year, are the entities or natural persons, as follows:

- a) Taxpayers subject to the profit tax, in accordance with law on income tax;
- b) Taxpayers subject to the simplified profit tax for the small business, in accordance with the legislation in force for the local tax system;
- c) Taxpayers that exercise their financial activity, in accordance with the legislation in force on added value tax, despite their organization form, including non-profit organizations, project implementation units, central and local public authorities, political organizations and other similar subjects;
- c) Resident or non-resident taxpayers, despite their organization form, when they supply goods or services for public authorities, except when a public authority is subject to VAT and is obliged to issue an invoice as goods’ or services’ receiver;

d) Non-resident taxpayers, for services' supply in the Republic of Albania, when, in accordance with the tax legislation, according to the above provisions, are subject to tax obligations in the Republic of Albania through a tax representative.

On the other hand, as an exception from this law's provisions, the taxpayer is not obliged to issue an invoice for the types of activities and for the supply of goods and services, as follows:

- a)** For agricultural producers, that are subjects of the compensation scheme, or not, in accordance with the legislation on the added value tax in the Republic of Albania;
- b)** For the sale of tickets or coupons from a transport vehicle's driver in the public urban transportation lines, in accordance with decisions from the self-governing local units;
- c)** For the supply of goods and services from registered natural subjects as "ambulant" in the tax administration. Despite these provisions, the taxpayer is not obliged to issue an invoice even in other cases of exception from this obligation, in accordance with the legislation in force on added value tax.

According to the provisions of the law on invoice, the taxpayers specified therein are obliged to issue an invoice for any goods or services' supply that is part of their financial activity. Supply of goods and/or services and financial activity are determined in accordance with the legislation in force for the added value tax and the bylaws for its implementation.

Invoice Issuance

The law on invoice provides that the invoice shall be issued at the time of supply of the goods or services, unless otherwise specified in this law and in the legislation in force on value added tax. In cases where taxpayers issue invoices for payments made prior to the supply of goods or before the end of the supply of services, the invoice shall be issued immediately and, in any case, not later than 72 hours after receipt of payment

E-Invoice Elements

In addition to general invoice's data and descriptions, the electronic invoice contains information about the process, invoice identifiers, vendor and buyer central email addresses on the central invoice platform and, if applicable:

- a)** Payment's beneficiary data;
- b)** Details of the seller's tax representative;
- c)** The contract reference;
- ç)** Delivery data;

d) Price details.

The Minister in charge of finance shall, by instruction, determine the technical elements and the procedure for issuing and exchanging electronic invoices and their accompanying documents.

In addition, the law specifies that after the first registration of data on the place of business conduct, the central tax administration information system generates the code of this place. The central tax administration issues a confirmation of registration of the place of business conduct, together with its code, electronically. This registration confirmation is stored on the central invoice platform, in the taxpayer's user account.

Electronic Certificate

In order to implement the invoice fiscalization procedure, the taxpayer issuing the invoice must be provided with an electronic certificate, which is generated and issued by National Agency of the Information Society ("NAIS"), as the central state institution that administers and maintains the government's public keys infrastructure.

The electronic certificate issued by NAIS shall be stored in a physical environment with a high level of security, without prejudice to its conformity and confidentiality.

NAIS is charged with creating, developing, maintaining and technically administering the central invoicing platform through which electronic invoices are exchanged.

Electronic invoices issued under this law shall comply with this law and the technical specifications set forth in Albanian Standards ("AS"), or other equivalent documents.

The authenticity of the origin, the integrity of the content and the readability of the invoice, whether in paper or electronic form, are guaranteed from the moment of its issue until the end of the invoice's storage period.

Fiscalization Procedure

The law provides that the taxpayer issuing the invoice must electronically sign each invoice at the time of issue and send it to the central tax administration via an internet connection before issuing it to the buyer.

All invoice buyers or recipients can verify that their invoice has been fiscalized and reported to the central tax administration within 60 days of the invoice being issued.

Entrance into Force

This law enters into force 15 days after its publication in the Official Journal. Except otherwise provided, depending on the type of transaction, this law shall take effect as set forth in the letters "a", "b", "c", "ç" and "d" as follows:

- a) For cash transactions by taxpayers subject to value added tax and profit tax with annual income over ALL 8 million, the effects of this law shall begin on September 1, 2020.
- b) For cash transactions by taxpayers subject to value added tax and simplified profit tax on annual income over ALL 2 million, the effects of this law shall begin on January 1, 2021.
- c) For cash transactions by taxpayers subject to simplified profit tax with annual income up to ALL 2 million, the effects of this law shall begin on January 1, 2021.
- ç) For cashless transactions between taxpayers and public authorities, the effects of this law shall begin on January 1, 2021.
- d) For cashless transactions between taxpayers, the effects of this law shall begin on July 1, 2021.

Transitory Provision

For the period from the date of entry into force of this law until March 31, 2020, new taxpayers registered with the National Business Center and Tax Administration, from the date of entry into force of this law until 31.3.2020, for each cash transaction, issue an invoice or coupon or tax receipt, and submit the purchase book and sales' book in the form and procedure set forth in this Law and/or the applicable tax law and tax legislation in force for the value added tax. From April 1, 2020 until entrance into force of this law, these taxpayers may issue invoices in accordance with this law or tax coupons and/or other documents, subject to the provisions of the applicable legislation on tax procedures.



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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 firm 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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