

# BRING YOUR BUSINESS TO ALBANIA

#INVEST IN YOUR FUTURE

*invest in Albania*

**READY TO TALK  
GROWTH?**





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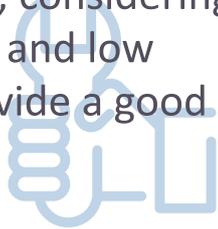
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# REASONS TO INVEST

## COMPETITIVE LABOR COST

Albania has the most competitive wage rates in the region, as well as a productive and cost-competitive workforce (minimum monthly wage of 26,000 ALL ~ 210 EUR). This creates a favourable climate for business initiatives, considering that cheap labor force and low costs on expenses provide a good start for businesses.



## COMPETITIVE TAXATION AND INVESTMENT INCENTIVES

The Albanian tax system does not discriminate foreign investors and makes no distinction between foreign and domestic investors. Albania offers competitive taxation, the 1 Euro Contract scheme, fiscal and administrative incentives for strategic investors, and an Online System for registration and tax payments.



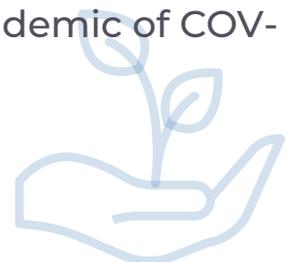
## HIGHLY RECOMMENDED TOURISTIC DESTINATION

Albania improved by 12 positions in The Travel & Tourism Competitiveness Report 2019. It was the only Western Balkans country included in Lonely Planet's Top 10 Affordable Destinations in 2019. Taking an adventure trip to Albania was rated as one of the top tours by National Geographic France in 2018, which suggested discovering the UNESCO World Heritage sites of Berat, Gjirokastra and Butrint. Business Insider rates Albania among the Top 15 Destinations to visit post-COVID.



## SUSTAINABLE GROWTH POTENTIAL

The economic growth has accelerated over the years 2015-2018. The real GDP growth for 2018 was 4.2%, higher compared to 3.84% in 2017 and 3.37% in 2016. The high performance of exports and foreign investments has been the main contributor to the economic growth for 2018. The real GDP growth decreased to 2.2% in 2019, as a consequence of the strong earthquakes by the end of 2019 in Albania, as well as the global pandemic of COVID-19.



# IN ALBANIA

## STRATEGIC GEOGRAPHIC LOCATION

Albania has a strategic location in the western Balkans, at the crossroads of Europe's major transit corridors, giving you access to the largest international trade. Albania is the gateway to international trade markets through its four ports in Durrës, Vlorë, Shëngjin and Sarandë. The Shëngjin Port is potentially the deepest (25 m) port in the region and the Mediterranean Sea.

## RAPID DEVELOPMENT OF INFRASTRUCTURE

Albania provides road transport and direct mechanisms with the majority of EU states. Developments consist of new and improved infrastructure in energy, telecommunication and transport, development and low costs of maritime transport. The new Vloora Airport project will have a great impact on the economic growth of Albania and its tourism sector.

## MACROECONOMIC STABILITY

The macroeconomic situation in Albania is characterized by stable prices, low inflation rates and solid exchange rates.

## YOUNG AND EDUCATED POPULATION

47% of the population is under the age of 35, and the median age is 37 years. Almost 140,000 students enrolled in higher education. 11.2% of the total graduates in upper secondary education come from vocational schools. The Skills of current and future workforce of Albania rank first in the region, according to The Global Competitiveness Report 2019. The population has a notable foreign language proficiency, with 40% speaking at least 1 foreign language.

## CUSTOMS-FREE ACCESS

Albania has signed several Free Trade Agreements with key markets (European Union, Turkey, CEFTA, EFTA states), offering customs-free access to the largest European markets. Generalized System of Preferences (GSP) with USA, Australia, Japan, New Zealand, Russian Federation, Belarus, and Kazakhstan.

# FAST FACTS

**2.2 %**  
GDP GROWTH

**< 2 %**  
INFLATION RATE

EXPORTS  
**299**  
(BILLION ALL)  
→ 2019

IMPORTS  
**649**  
(BILLION ALL)  
→ 1.2 % INCREASE  
(2019)

**11.2 %**  
UNEMPLOYMENT  
(2019)

**47.5%**  
UNDER 35  
YEARS OLD

**26,000**<sup>(ALL)</sup>  
MINIMAL WAGE (2018)  
\*approx. 214 euro

**52,380**  
(ALL) AVERAGE WAGE  
approx. 423 EUR

\*TEURO ->121,61 ALL





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S&P assesses that Albania's fiscal performance is expected to remain relatively strong throughout its forecast horizon until 2022, and notes that Albania is fiscally ahead of similar Western Balkan countries that are in the same assessment category.

-Standard & Poors

“

Albania's economic growth remains strong. The country has benefited from implementing new reforms.

-The International Monetary Fund (IMF)



# FOREIGN INVESTMENT INCENTIVES



ALBANIA - WHERE BUSINESS THRIVES

## LAW ON FOREIGN INVESTMENTS

**THE LAW ON "FOREIGN INVESTMENTS"** aims to create a friendly investment climate. The law provides the guarantees for protection to all foreigners (either physical or juridical persons) willing to invest in Albania, as follows:

➔ No prior government authorization is needed and no sector is closed to foreign investment.

➔ There is no limitation on the share percentage of foreign participation in companies. A 100% foreign ownership is possible.

➔ Foreign investors are entitled to expatriate all funds and contributions in kind of their investment.

➔ Albania's tax system does not distinguish between foreign and domestic investors.

➔ Foreign investments are treated in a non-discriminatory manner and paid immediately, and in a fair and effective manner, in accordance with the law.

➔ Foreign investments enjoy equal and unbiased treatment as the domestic investments, and have complete protection.

➔ There are no restrictions on the purchase of private residential property.

➔ There are limited exceptions to this liberal investment regime, most of which apply to the purchase of **real estate**:

**Agricultural land** cannot be purchased by foreigners and foreign entities, but may be rented for up to 99 years.

**Commercial property** may be purchased, but only if the proposed investment is worth three times the price of the land.

➔ Investors in Albania are entitled to judicial protection of legal rights related to their investments.

➔ The Code of Civil Procedure outlines provisions regarding domestic and international commercial arbitration.

➔ The International Centre for Settlement of Investment Disputes Convention has entered into force for Albania since November 14, 1991.



# 1 EURO CONTRACT

The Government of Albania give on lease or emphyteusis on public property of more than 500 m<sup>2</sup>, for the symbolic price of 1 EURO, if the property shall be used for:



- Manufacturing activities with an investment level over 300,000,000 ALL.
- Manufacturing (Inward Processing Activities) with over 50 new jobs.



Activities of construction, maintenance and deconstruction of sailing vessels, with investment levels over 500,000,000 ALL.



Activities in industry and advanced technology, with investment levels over 800,000,000 ALL, which shall open no less than 500 jobs.



Agribusiness activities with investment levels over 100,000,000 ALL.



Activities in education and media, with investment value over 200,000,000 ALL.



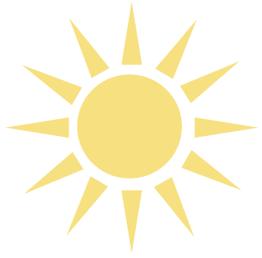
# INCENTIVE SCHEMES

- ➔ In case the company, which has entered into a lease/emphyteusis contract, carries out investments in accordance with the businessplan, and of a value over 150% of the plot value, after 5 years the subject gains the right of privatizing the object of the contract.
- ➔ In case the company, which has entered into a lease/emphyteusis contract, carries out investments in accordance with the businessplan, and of a value over 750% of the plot value, the subject gains the right of direct privatization of the object of the contract, without need of fulfilling 5 years.
- ➔ In case the subject, which has entered into a lease/emphyteusis contract with the right of development, fulfills the requirements foreseen in the contract, the subject gains the right of filing a request to buy the land plot, which is the object of the lease/emphyteusis contract.

invest in Albania

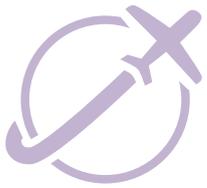


# SECTORIAL INCENTIVES



ENERGY

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TOURISM

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AGROTOURISM

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MANUFACTURE

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AGRICULTURE

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AQUACULTURE

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TEDA

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# ENERGY INCENTIVES



- ☀️ The obligatory connection with transmission or distribution networks;
- ☀️ The payment of only direct costs of the connection to transmission or distribution networks;
- ☀️ Long term agreement (15 years) for electricity produced from plants of a 15 MW capacity or higher;
- ☀️ Exemption from custom duties and VAT for the manufacturing or assembly of solar panel systems for hot water production;
- ☀️ Reimbursement of the custom duties on imported raw materials for the manufacture or assembly of solar panels systems for hot water production for sanitary purposes in buildings or for technological processes in the industry;
- ☀️ FIP (Feed-in-Premium) tariffs through a competitive, non-discriminatory tendering process (auctions) for new PV installations over 2MW through Contracts for Difference (CfD);
- ☀️ Exemption on imports of machinery and equipment, directly related to the investment, in function of realizing investment contracts with a value equal or higher than 50 million ALL, for renewable solar energy production, with installed production capacity over 0.5 MW, according to the list determined by DCM 953/2014, amended.

Due to potentially very high **SOLAR ENERGY SOURCES** (over 1700 KW/m<sup>2</sup>/year) in specific regions, the unused potential for photovoltaic installations in saline soils is over 1900MW.



# TOURISM INCENTIVES



## ✂ EXEMPTION FROM CORPORATE INCOME TAX

New accommodation facilities, “Four and five stars hotels, with special status” and the holders of an internationally recognized and registered trademark (brand name) are exempted from corporate income tax for a period of 10 years starting from the commencement of their activity, but no later than 3 years from the date of obtaining the special status.

## ✂ REDUCED VAT

Providers of services in accommodation facilities “Four and five stars hotels, with special status” and the holders of an internationally recognized and registered trademark (brand name) are subject to a reduced 6% VAT rate.

## ✂ EXEMPTION FROM THE TAX OF IMPACT ON INFRASTRUCTURE + TAX ON CONSTRUCTION

Investments on the construction of accommodation facilities “Four and five stars hotels, with special status” are exempted from the tax of impact on infrastructure and tax on construction for the objects of the accommodation facility “Four and five stars hotels, with special status”.

## FAST FACTS

**6% VAT**

FOR FIVE-STAR  
HOTELS/RESORTS

**0% TAX**

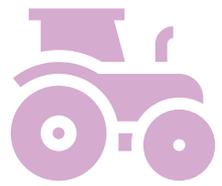
FOR FIVE-STAR  
HOTELS/RESORTS

**0% TAX**

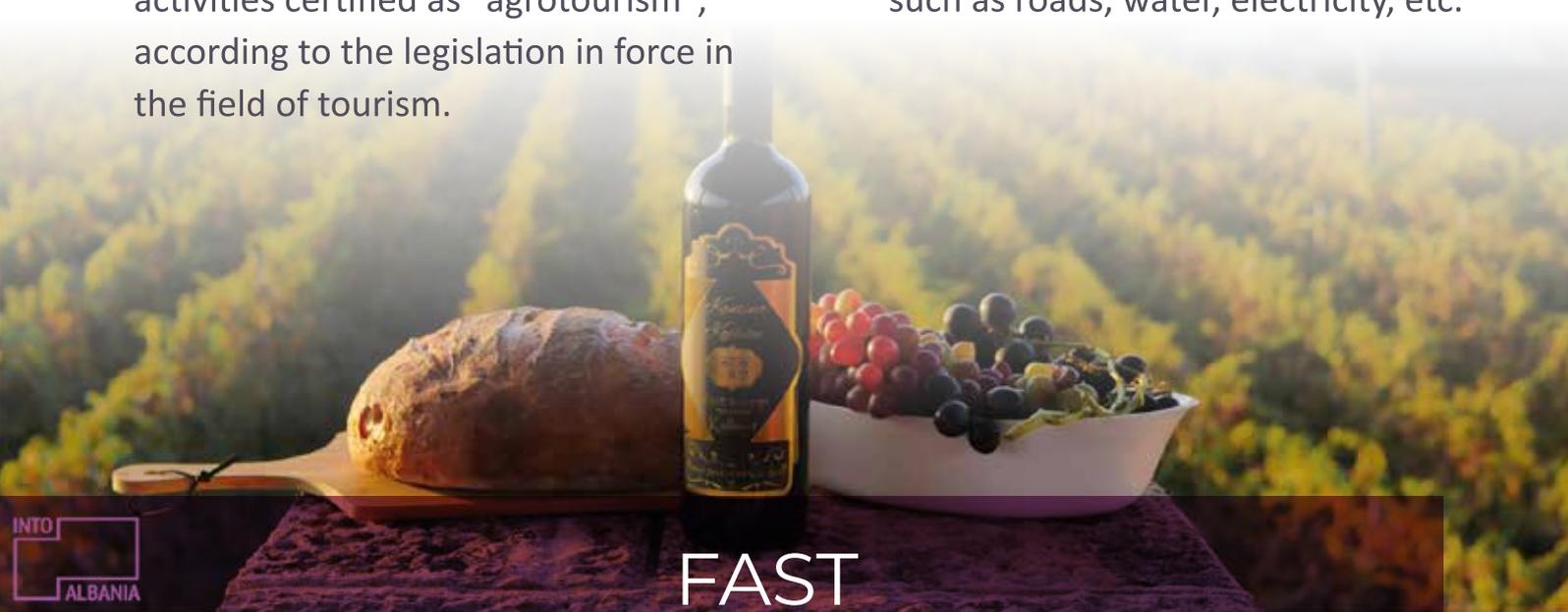
ON PROFIT

CORPORATE INCOME  
TAX FOR 10 YEARS

# AGROTOURISM INCENTIVES



- Reduced rate of 5% (from 15%) of tax on profit for entities that conduct hosting activities certified as "agrotourism", according to the legislation in force in the field of tourism. This rate is applicable for a period of 10 years to juridical persons that obtain the "certified agrotourism subject" status until December 31, 2021.
- Reduced VAT of 6% for the supply of accommodation services and restaurants, with the exception of beverages, for entities that conduct hosting activities certified as "agrotourism", according to the legislation in force in the field of tourism.
- Exemption from the tax of impact on infrastructure for investors of entities that conduct hosting activities certified as "agrotourism", according to the legislation in force in the field of tourism.
- Lease of public land for a period of 99 years.
- Public tenders on priority areas for the development of tourism.
- The government provides all necessary supporting and technical infrastructure, such as roads, water, electricity, etc.



## FAST FACTS

**5% TAX ON PROFIT**  
Reduced from 15 %  
for certified activities

**6% VAT**  
For the supply of  
accommodation services  
and restaurants

**99 YEAR**  
Lease of public land



# MANUFACTURE INCENTIVES

- The government has approved some facilitative measures on the textile and footwear industry, giving a strong stimulus to the fashion industry.
- The Government provides a symbolic tariff of € 1 leasing contract, for lease of state-owned property.
- Instant reimbursement of VAT, in the case of taxpayers with a zero risk, and within 30 days in the case of exporter taxpayers.
- Exemption from VAT on import of machinery and equipment.
- 5% Rate of Corporate Income Tax for legal persons with economic activities in the automotive industry.
- Several incentives on financing personnel trainings.
- Facilitation of customs procedures.
- Simplification of procedures on the Employment and Social Security.
- Business Support Policy from the Government (The Fason Package regulated through the Dec. No. 54, February 2014, Council of Ministers).
- 0% VAT for supplies of processing services of non-Albanian goods destined for re-export. – Fiscal Package 2019.



## FAST FACTS

**1€ LEASE**  
of state-owned property

**0% VAT**  
for import of machinery & equipment

**39.6% EXPORTS**  
Total of textile and footwear exports

**5% CIT**  
for the automotive industry

Textiles and Footwear play a decisive role in the Albanian economy. They represent about 39.6% of total exports (2019) and more than 40% of the labor force in the processing industry. In 2019 the most exported industrial products were "Textiles and Footwear", "construction materials and metals" and "machinery, equipment and spare parts." The manufacture sector has been continuously diversifying the range of its exports, as indicated by the increase of exports of machinery, equipment and spare parts by 16% compared to year 2018 and by 38.5% in a span of two years.

# AGRICULTURE INCENTIVES



**0% VAT**

For supply of agricultural inputs

**100%**

5 hectar grant

**6% VAT**

For investments in agrotourism

## NATIONAL SCHEME 2020

The National Agricultural Support Scheme 2020, addresses a fund of 7 billion ALL from the state budget in support of farmers, which will be used for:

 increasing the competitiveness of livestock products, agricultural products in protected environments and reducing production costs, through the payment of matriculated animals and subsidizing the price of plastic;

 Addition of areas planted with medicinal and aromatic plants;

 Certification of agricultural products and organic farms;

 Supporting the diversification of economic activities in rural



## ipard ii 2014 - 2020

IPARD is an EU and state budget funded program to support Albanian agriculture. IPARD offers Grants to farmers based on the application projects they make. Applications must be for investments that the program supports, within the terms, rules and criteria of the application, according to each call for applications.

There are three areas where IPARD program can be applied:

-  Investments in physical assets in agricultural holdings.
-  Investments in physical assets for processing and marketing of agricultural and fishery products.
-  Farm Diversification and Business Development.



## AQUACULTURE INCENTIVES



 Lease/emphyteusis contracts with a fee of **1 (ONE) EUR/CONTRACT**, where the investment is higher than 100,000,000 (a hundred million) ALL, for infrastructure related to fishing (repairment degrees), in fishing ports, for construction activities and maintenance services of sailing vessels.

 The term of entering into the contract with the symbolic fee of 1 (one) EUR/contract is 20 (twenty) years.

 Lease of infrastructure related to fishing, which shall be the object of the lease/emphyteusis contract is 100 (a hundred) ALL per month.

 In case of leasing fuel deposits, the lease value is 400 (four hundred) ALL/m<sup>3</sup>.



# TEDA INCENTIVES



## Technological and Economic Development Areas benefit from the following INCENTIVES:

- Entrance and exit of goods into and from the area, formalities and procedures are carried out in accordance to the provisions of the Code of Customs.
- Capital expenses are 20 % deductible during a period of 2 years for developers and users that invest in TEDA within 3 years from the commencement of the economic activity of the area. Developers and users are also exempted from 50% of the profit tax rate during the first 5 (five) years.
- The supply of Albanian goods to the technology and economic development area shall be considered as supplies for export with zero VAT rate, in accordance with the provisions of the Law on the value-added tax and customs legislation.
- The developer's project is exempted from the tax of impact on infrastructure.
- Buildings constructed in the area, according to the developer's project, are exempted from the tax on immovable property for a period of 5 years.
- The developers or users of the area are exempted from the tax on transferring the right of ownership on immovable properties.
- Expenses for wages, and social and health contributions that the employer pays to the employee are 150 % deductible for the first year.

### TAX ON PROFIT

ANNUAL TURNOVER (ALL)	TAX RATE
0 - 14,000,000	0%
14,000,000+	15%

**DIVIDEND INCOME TAX: 8%**

# EMPLOYMENT INCENTIVES



Increasing the employment in Albania through:

- ⇒ EMPLOYMENT SERVICES
- ⇒ EMPLOYMENT PROMOTION PROGRAMS
- ⇒ VOCATIONAL TRAINING PROGRAMS

## BENEFICIARIES:

-  All jobseekers and employers that are registered in regional/local structures.
-  All foreign citizens or stateless persons, who enter and reside lawfully in the territory of the Republic of Albania for employment purposes.
-  Foreigners, who have obtained the refugee status, as well as asylum seekers in the Republic of Albania.
-  The possibility of obtaining a work permit for foreigners is provided as well.

## INCENTIVES

*LAW 15/2019, ON PROMOTION OF EMPLOYMENT FORESEES:*

Subsidy, in a certain percentage, of costs related to social and health insurance.

Subsidy, in a certain percentage, of wages.

Professional vocational training, self-employment, support for new businesses and business incubators.

Employment of graduates/certified in vocational education and training.

Vocational practices, etc.

PERSONAL INCOME TAX FROM EMPLOYMENT

MONTHLY INCOME (ALL)	TAX RATE
0 - 30,000	0%
30,000 - 150,000	13%
150,000+	15,600 ALL +23% OF THE VALUE OVER 150,001



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# LAW ON STRATEGIC INVESTMENTS

## SUPPORT SCHEMES

- ⇒ Land consolidation.
- ⇒ Support regarding the complementary infrastructure.
- ⇒ Availability of public immovable property.

## ADMINISTRATIVE SUPPORT

- ⇒ One Stop Shop service.
- ⇒ Accelerated procedures.

## SPECIAL PROCEDURES

- ⇒ Expropriation of private immovable property for the purpose of developing and implementing strategic investment projects.
- ⇒ Parliamentary approval, if necessary, and of the Council of Ministers on strategic investment contracts.

## AGENCY PROFILE

### GOVERNMENTAL AGENCY:

- MANAGEMENT BOARD CHAIRED BY THE PRIME MINISTER.

### AIDA'S MISSION IS FOCUSED ON:

- ACQUISITION OF FDIS IN ALBANIA.
- INCREASING THE COMPETITIVENESS OF ALBANIAN SME-S.
- PROMOTING ALBANIAN EXPORTS.
- AFTERCARE SERVICE TO EXISTING INVESTORS.

## WHAT WE DO IN DETAIL...

- PROMOTE ALBANIA, ALBANIAN PRODUCTS AND SERVICES IN INTERNATIONAL MARKETS.
- PROMOTING ALBANIA AS AN INVESTMENT DESTINATION.
- FACILITATING AND SUPPORTING DIRECT INVESTMENTS IN ALBANIA.
- QUALIFIED INFORMATION ON OPPORTUNITIES, INCENTIVES, POLICIES AND GOVERNMENTAL SCHEMES.
- ONE STOP SHOP FOR STRATEGIC INVESTORS.
- HANDLING ALL APPLICATIONS RELATED TO STRATEGIC INVESTMENTS.
- ESTABLISH CONTACTS WITH THE GOVERNMENTAL BODIES, AUTHORITIES .
- HELPING AND SUPPORTING INVESTORS TO PLAN THEIR INVESTMENT ITINERARIES.
- SUPPORTING REINVESTMENTS THROUGH AFTERCARE SERVICE.

*invest in Albania*

*\*Contact us:*

**At AIDA, our specialized, multidisciplinary team will provide you with no-cost professional services tailored to your project's needs.**

*Address:*

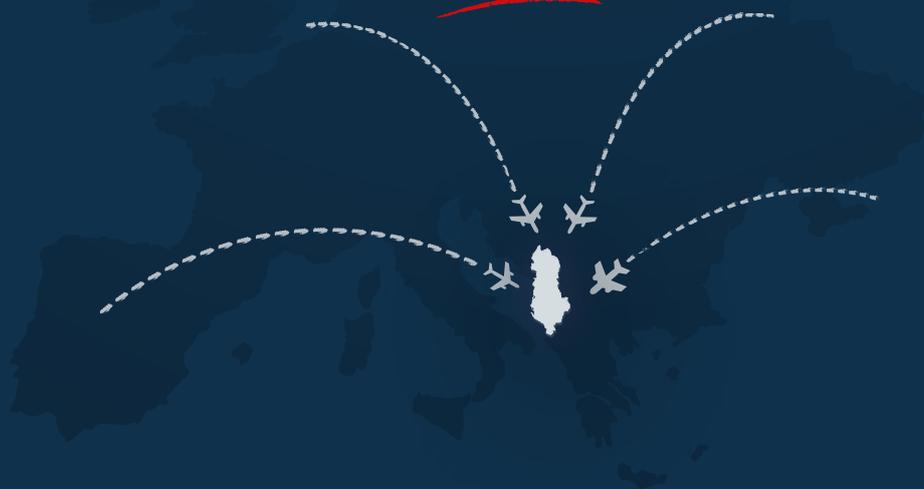
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# AIDA

ALBANIAN INVESTMENT DEVELOPMENT AGENCY

invest in Albania



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