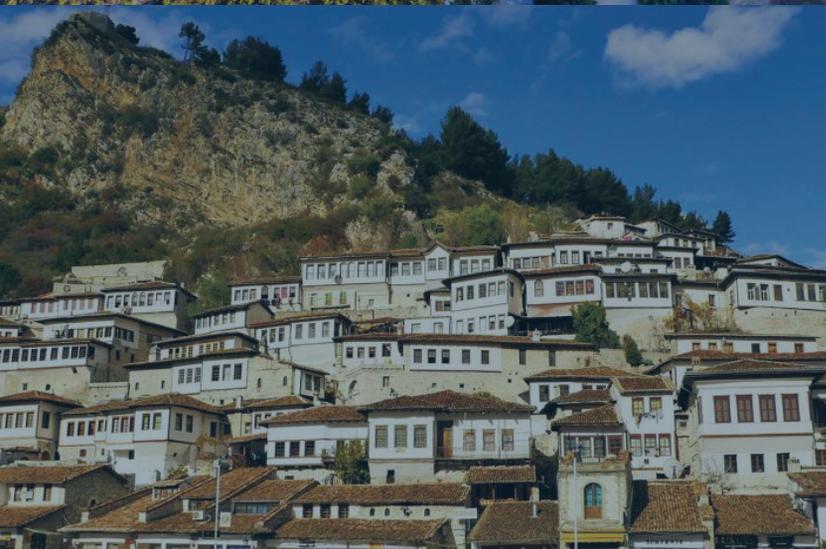


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FACTSHEET

Tourism Sector



OVERVIEW

Tourism is one of the most important sectors and it generates significant amounts of revenues to the state budget, the entrepreneurial and the sector budget. According to the Economic Impact of Travel and Tourism Report 2019, of the World Travel and Tourism Council (WTTC), during 2018, the tourism sector recorded a direct contribution of ALL 145.8 billion, accounting for about 8.8% of GDP, with an overall contribution of 27.2% of GDP,

positioning this sector as one of the main contributors to economic development. Referring to the same report of the World Tourism and Tourism Council (WTTC), currently the tourism sector employs about 8.03% of the total labor force in Albania, while by 2029 it is projected to rise to 8.9%. Investments in this sector accounted for about 7.5% of all investments in the country, while by 2028 this figure is projected to increase to 8.2%.

WHY INVEST IN TOURISM

Albania has adopted a liberal framework designed to create a favorable investment climate for foreign investors. Special legislation on strategic investments aims to encourage and attract strategic investments. The purpose of the legislature is to attract significant capital investments which are implemented in the economic sectors which are considered as strategic for the development of the country.

The objectives of this legislation are related to the economic development of the country, employment and development of the regions. To this end, the legislation provides strategic investors with incentive and support mechanisms, considering these investments as a priority and guaranteeing a range of measures, services and administrative facilities.

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FAST FACTS

- 6% VAT**
TOURISTIC ACCOMMODATION FACILITIES AND AGROTOURISM
- 0% TAX**
CORPORATE INCOME TAX
TAX ON IMPACT IN INFRASTRUCTURE
TAX ON BUILDINGS
- 99 YEAR**
LEASE OF PUBLIC LAND





EXEMPTIONS FROM CORPORATE INCOME TAX

Accommodation facilities such as “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 to those structures which receive special status until December 2024 starting from the commencement of activity, but no later than 3 years from the obtaining the special status.



EXEMPTIONS FROM THE TAX ON IMPACT IN INFRASTRUCTURE

Exemption from the tax of impact on infrastructure for accommodation facilities “Five-star hotels, with special status”, holders of an internationally recognized and registered trademark (brand name). Exempted from the payment of the tax on impact in infrastructure are also the investments of the entities, which carry out hosting activities certified as “agro-tourism”, according to the legislation in force in the field of tourism.



EXEMPTIONS FROM THE TAX OF BUILDINGS

Excluded from the tax on buildings are the accommodation structures “Hotel / Resort with four and five stars, special status”, as defined in the legislation in the field of tourism and which are holders of an internationally recognized and registered trademark (brand name).

STRATEGIC INVESTMENT PROCEDURES



TOURISM SECTOR

STRATEGIC INVESTOR STATUS

PROCEDURES	ASSISTED	SPECIAL
VALUE OF INVESTMENT	≥ 5 000 000 €	≥ 50 000 000 €
NEW JOBS	80	-



PRIORITY AREAS IN TOURISM DEVELOPMENT

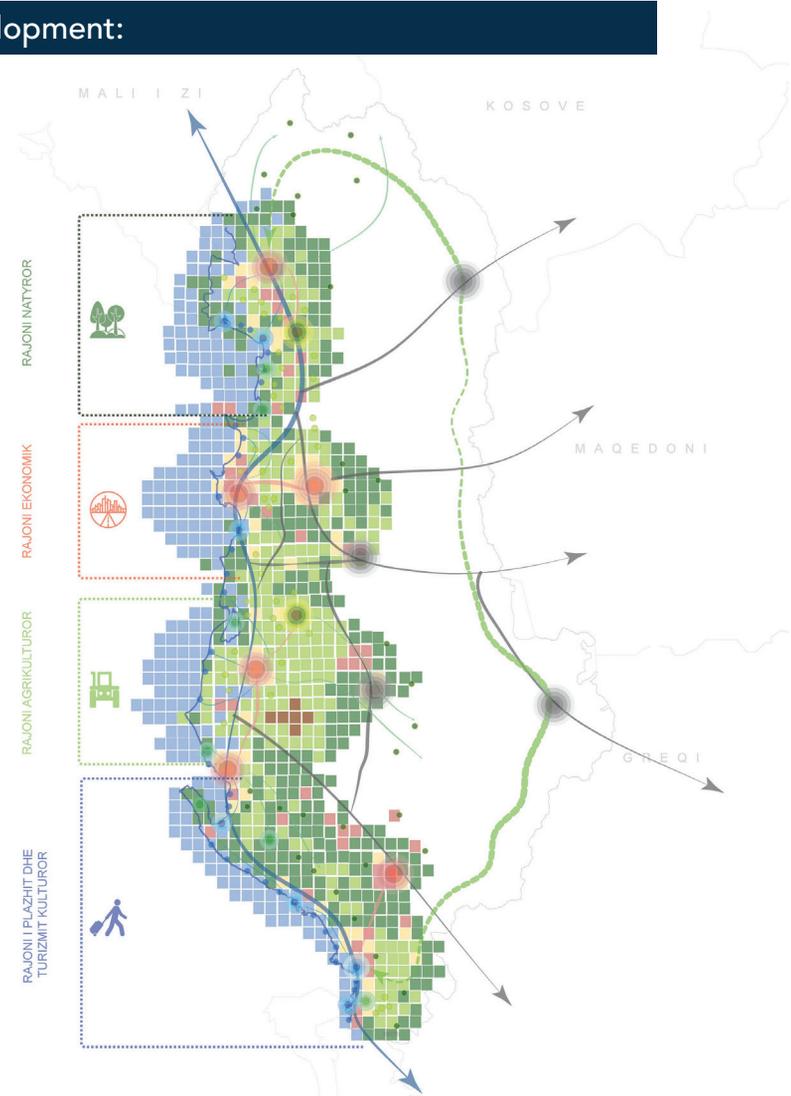
“Development Priority Areas” are regional and/or local areas of local government, which are considered as areas of special importance and need special support in order to develop the economy, enhance employment, improve living conditions and efficient use of public resources and infrastructure. It is envisaged that for these priority areas, the state will take the role of the developer, and also the state will be involved in various forms of partnership.

State-owned real estate or local government units located within these priority areas, within two months of the area's approval, will become under the administration of the ministry of tourism. In case of investment in these areas, it is predicted the disposal of the real estate for building accommodation facilities and other tourism structures. The timeline of the availability of this real estate is up to 99 years.

The map of the Priority Areas in Tourism Development:

4 national tourist destinations will be consolidated: **Albanian Alps, New South, Ports and Marinas, and Tirana.**

- Albanian Alps - A destination based on hiking (trekking), which is related to nature, activity and sports tourism.
- South coast line and combination with mountains. The new airport in the south will bring a significant improvement.
- Marinas and ports have a high potential for attracting foreign tourists. Considering that entry from the sea has increased in Albania, there are opportunities to develop 6 new port points with a high level of utilization.
- Tirana will continue to improve in infrastructure to become an attractive center for regional business events and weekend visitors, but also a cultural and tourist center



BUSINESS ACTIVITIES IN TOURISM SECTOR

-  This sector accounts for about **15%** of the entire services sector and **11%** of all economic activities in Albania.
-  **2,437** accommodation facilities operating throughout the country.
-  Hotels make up about **65%** of the total, while the rest are homes and rooms.
-  According to NBC data, **75** tour operators and **322** travel agencies with different distribution in the regions, with most of them concentrated in Tirana, are licensed in the country.
-  In Albania, based on the legal framework, until the third quarter of 2018, the Ministry of Tourism and Environment has certified **306** tourist guides, out of whom 156 national guides, 78 local guides, 69 specialty guides and 3 honorary guides.

ATTRACTIONS

ANCIENT CITIES



NATIONAL PARKS



LAKES AND RIVERS



BEACHES



MOUNTAINS



NATURE SPORTS

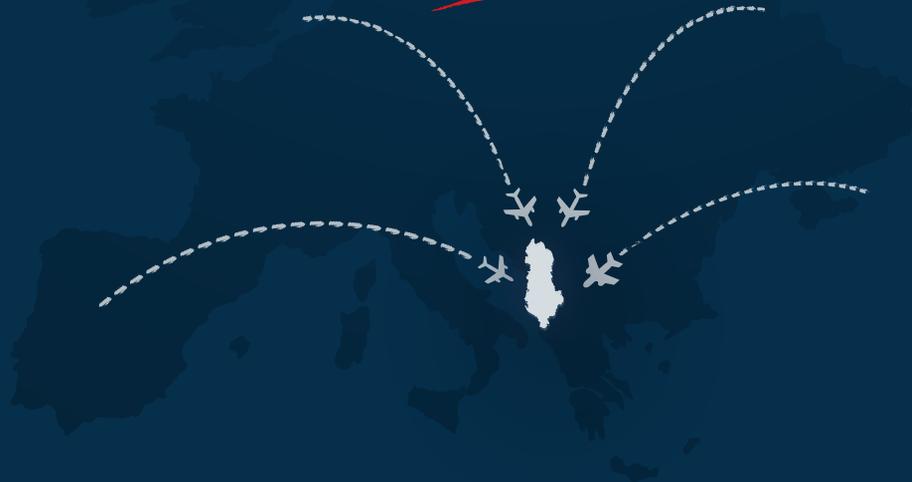




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