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# Individual Taxation

**ALBANIA**

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## INDIVIDUAL TAXATION IN ALBANIA

Residents are subject to tax on their worldwide income. Non-residents are taxed on their Albanian-source income only. Income tax is assessed in the tax year on a current year basis.

Resident and non-resident individuals who have annual income greater than 2,000,000 ALL have the obligation to file a personal income return form. Also, individuals who have a second employment have the obligation to file personal income return form even though their total annual income might not exceed the amount ALL 2,000,000. The declaration is done electronically in the governmental portal: <https://efiling.tatime.gov.al>. Resident individuals can register online an account in the e-filing portal, while non-resident individuals have to file a request to the nearest tax office to register.

The fiscal year starts on 1<sup>st</sup> of January and ends on 31<sup>st</sup> of December. The deadline to submit the annual personal income declaration is no later than 30<sup>th</sup> of April of the following year.

Applicable Laws:

- Law no 8438, dated on 28.12.1998, On Income Tax, as amended
- Directive no 5, dated on 30.01.2006, On Income Tax, as amended

### 1. Tax Rates

| <b>Monthly salary income (ALL)</b> |           | <b>Ranges (ALL)</b> |           | <b>Tax rate</b>                                      |
|------------------------------------|-----------|---------------------|-----------|------------------------------------------------------|
| <b>From</b>                        | <b>To</b> | <b>From</b>         | <b>To</b> |                                                      |
| 0                                  | 40,000    | 0                   | 40,000    | 0%                                                   |
| 40,001                             | 50,000    | 0                   | 30,000    | 0%                                                   |
|                                    |           | 30,001              | 50,000    | 50% * 13% of the amount up to 30,000 ALL             |
| 50,001                             | -         | 0                   | 30,000    | 0%                                                   |
|                                    |           | 30,001              | 200,000   | 13% of the amount exceeding 30,000 ALL               |
|                                    |           | 200,001             | -         | 22,100 ALL + 23% of the amount exceeding 200,000 ALL |

| <i>Income type</i>                | <i>Tax rate</i> |
|-----------------------------------|-----------------|
| Dividend                          | 8%              |
| Taxable income from other sources | 15%             |

## **2. Taxable incomes**

| <i>Income type</i>                                                                    | <i>Taxable amount</i> |
|---------------------------------------------------------------------------------------|-----------------------|
| Income from salaries and other compensations derived from employment                  | 100%                  |
| Income from rental or other profits arising from real property                        | 100%                  |
| Income derived from transfers of ownership rights over immovable property             | 100%                  |
| Income derived from transfers of quotas and shares                                    | 100%                  |
| Interest income derived from bank deposits and bonds                                  | 100%                  |
| Income from dividends or other type of profit distribution                            | 100%                  |
| Income from copyrights or royalties                                                   | 100%                  |
| Capital increase from sources outside of the company, previously not taxed in Albania | 100%                  |
| Income derived from gambling and casinos                                              | 100%                  |
| Other income not defined above                                                        | 100%                  |

### 3. Exempted income

| <i>Income type</i>                                                                                                                                                                                                                                                                                                                                                                                          | <i>%</i> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Income received as a result of being insured in the social and health insurance schemes                                                                                                                                                                                                                                                                                                                     | 100%     |
| Student scholarships                                                                                                                                                                                                                                                                                                                                                                                        | 100%     |
| Income from pensions and other similar benefits of foreign citizens from European union countries, with a residence permit in the republic of Albania, as well as foreign citizens who have obtained Albanian citizenship and are residents in the republic of Albania and who benefit these incomes according to the legislation of the country where they receive their pension or other similar benefits | 100%     |
| Income from expropriations                                                                                                                                                                                                                                                                                                                                                                                  | 100%     |
| Income which is exempted according to international treaties ratified By the parliament of Albania                                                                                                                                                                                                                                                                                                          | 100%     |
| Financial compensations to former political prisoners and former proprietors                                                                                                                                                                                                                                                                                                                                | 100%     |
| Life and health contributions paid by the employers                                                                                                                                                                                                                                                                                                                                                         | 100%     |
| Judicial compensations                                                                                                                                                                                                                                                                                                                                                                                      | 100%     |
| Prizes received from the government for achievement in science, sports, or culture                                                                                                                                                                                                                                                                                                                          | 100%     |
| Income obtained from the transfer of ownership of agricultural land from a registered farmer to a farmer or natural or legal person carrying out agricultural activity                                                                                                                                                                                                                                      | 100%     |
| Income obtained from the transfer of ownership of the land to spouse or child through donation and/or renunciation of property, when the property derives from compulsory co-ownership                                                                                                                                                                                                                      | 100%     |
| Income obtained from the transfer of ownership (for the first time) of the apartment and/or land, to spouse or child, through donation and/or renunciation of property                                                                                                                                                                                                                                      | 100%     |
| Contributions on voluntary retirement plans                                                                                                                                                                                                                                                                                                                                                                 | 100%     |

#### 4. Deductible expenses

| <i>Expense type</i>                                                                      | <i>%</i> |
|------------------------------------------------------------------------------------------|----------|
| Interests on loans taken for the education of dependent family members                   | 100%     |
| Health care expenses for medical treatment which are not covered by the health insurance | 100%     |

The total of deductible expenses cannot exceed the amount of total taxable incomes. Deductible expenses are applicable only to resident taxpayer.

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Published November 2022