

INDIVIDUAL TAXATION: ALBANIA



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 1,200,000 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 1,200,000. 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 1st of January and ends on 31st of December. The deadline to submit the annual personal income declaration is no later than 31st of March of the following year.

Applicable Laws:

- Law no 29/2023, dated on 02.05.2023, On Income Tax, as amended
- Directive no 26/2023, dated on 08.09.2023, On Income Tax, as amended

1. Tax Rates

<i>Monthly salary income (ALL)</i>		<i>Ranges (ALL)</i>		<i>Tax rate</i>
<i>From</i>	<i>To</i>	<i>From</i>	<i>To</i>	
0	50,000	0	50,000	0%
50,001	60,000	0	35,000	0%
		30,001	50,000	13% of the amount exceeding 35,000 ALL
60,001	-	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 participation in the social and health insurance schemes	100%
Economic assistance from public budgets for individuals with no income or low income, according to the provisions in the relevant legislation in force	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%
Financial compensations provided to property owners as a form of recompense for properties seized by the state in the interest of the public, or for former owners who experienced expropriation of their property in the past.	100%
Income which is exempted according to international treaties ratified By the parliament of Albania	100%
Financial compensations to former political prisoners their descendants	100%
Life and health contributions paid by the employers	100%
Student scholarships	100%
Prizes received from the government for achievement in science, sports, or culture	100%
Compensations obtained through final court decisions, compensations from insurance contracts in compliance with the current laws on insurance and reinsurance activities, as well as specified compensations for court costs	100%
Income generated through agricultural grants and subsidies funded by government or other sources	100%
	100%
	100%

4. Deductible expenses

Expense type	%
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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