



# ALBANIA IN FIGURES



Deutsche Industrie- und  
Handelsvereinigung in Albanien

---

# Albania - 2020

<b>Area:</b>	<b>28.750 km<sup>2</sup></b>
<b>Population</b>	2,9 million
<b>GDP (2019)</b>	13,9 billion €
<b>GDP/capita (€ at PPP 2019)*</b>	10.100 €
<b>GDP real change*</b>	-9 %
<b>FDI Inflow*</b>	1.080 million €
<b>Average gross monthly wages</b>	426 €
<b>Business Languages</b>	Albanian, English, Italian, German
<b>Currency</b>	ALL (Albanian Lek)
<b>Exchange rate</b> (31.12.2019)	1 Euro = 121,77 ALL



\*Sources: WIIW, EBRD 2020

# Albania as a Business Location

Strategic geographical location

Free market access

Positive and business friendly environment

One Stop Shop for company registration

Natural resources

Investment opportunities - Incentives in „Sub-Contracting“  
(especially textile/light industry)

Supportive legal framework

Competitive workforce – low cost of labor, a young labor force,  
multilingual

# Albania - Growth markets

---

Energy (hydropower), oil and gas production

Light industry: textile, shoes, medical, electronic, metal products

Telecommunication & IT

Infrastructure & logistics

Tourism: hotels and holiday resorts

Agriculture: fruit/vegetables, medical plants, organic products

Services: i.a. call centers

Mining (chrome, iron, nickel, copper, gold)

Environment and communal services: recycling, water and sewerage

---

# Albania - Growth Impulses\*

## ... in existing sectors

- **Oil & gas & extracting sector**
  - Biggest onshore oil-field in Europe
  - New gas resources off-shore
  - **Trans-Adriatic Pipeline (TAP)**
- **Energy transport, infrastructure**
- **EU-funded projects (*Agribusiness*) & EU-Norms-Adaptation (*all Sectors*)**
- **Financial & other services**
- **Tourism (*if well conducted*), resorts, hotels, restaurants**
- **Production of construction materials, textiles & shoes, medical devices, etc.**
- **IT**



## ...in new sectors

- **Maritime infrastructure (Marinas)**
- **Cable technologies, production of higher value**
- **Renewable energy**

\*DIHA-Evaluation

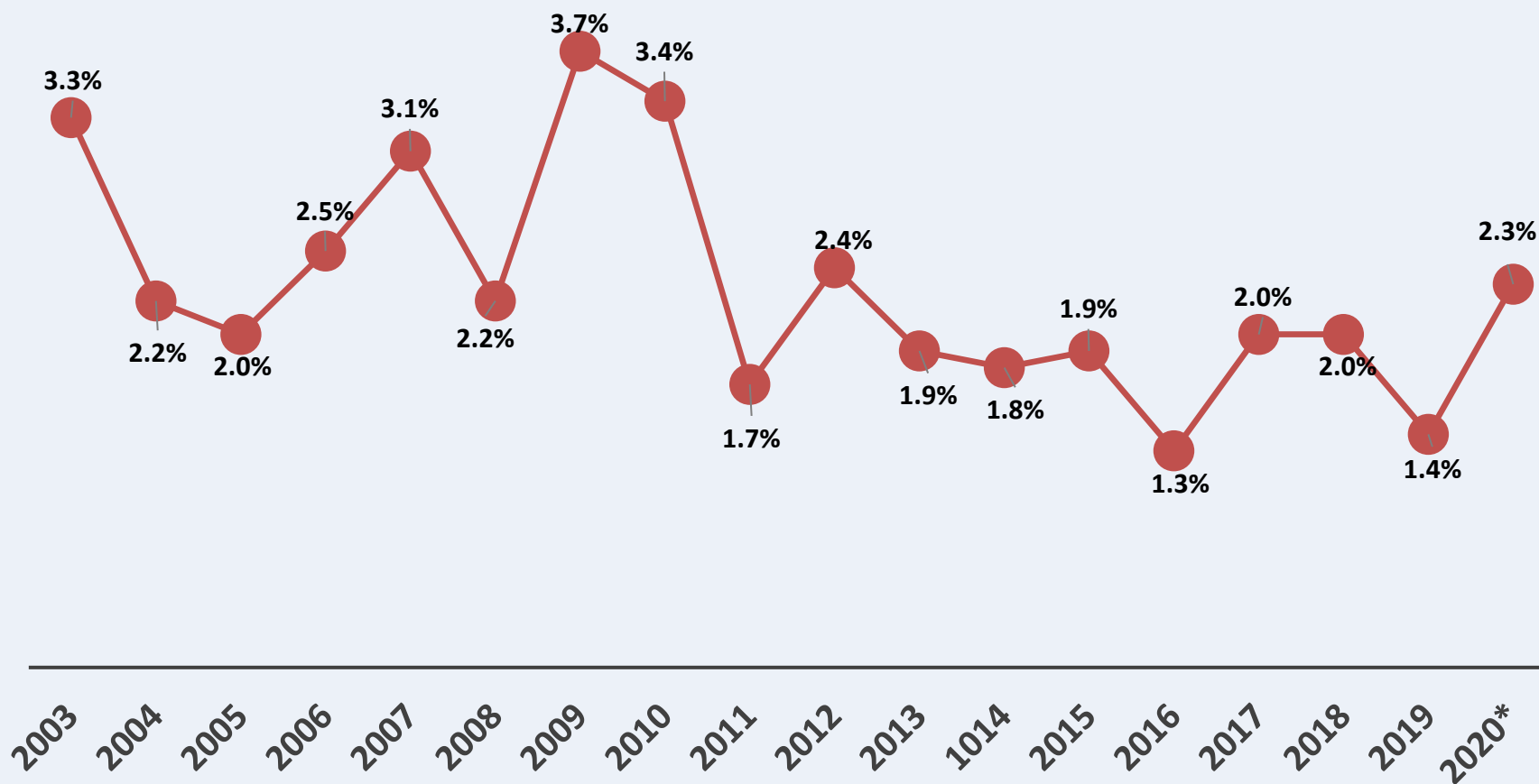
# Albania - Economic Development

Growth Rate Development in %

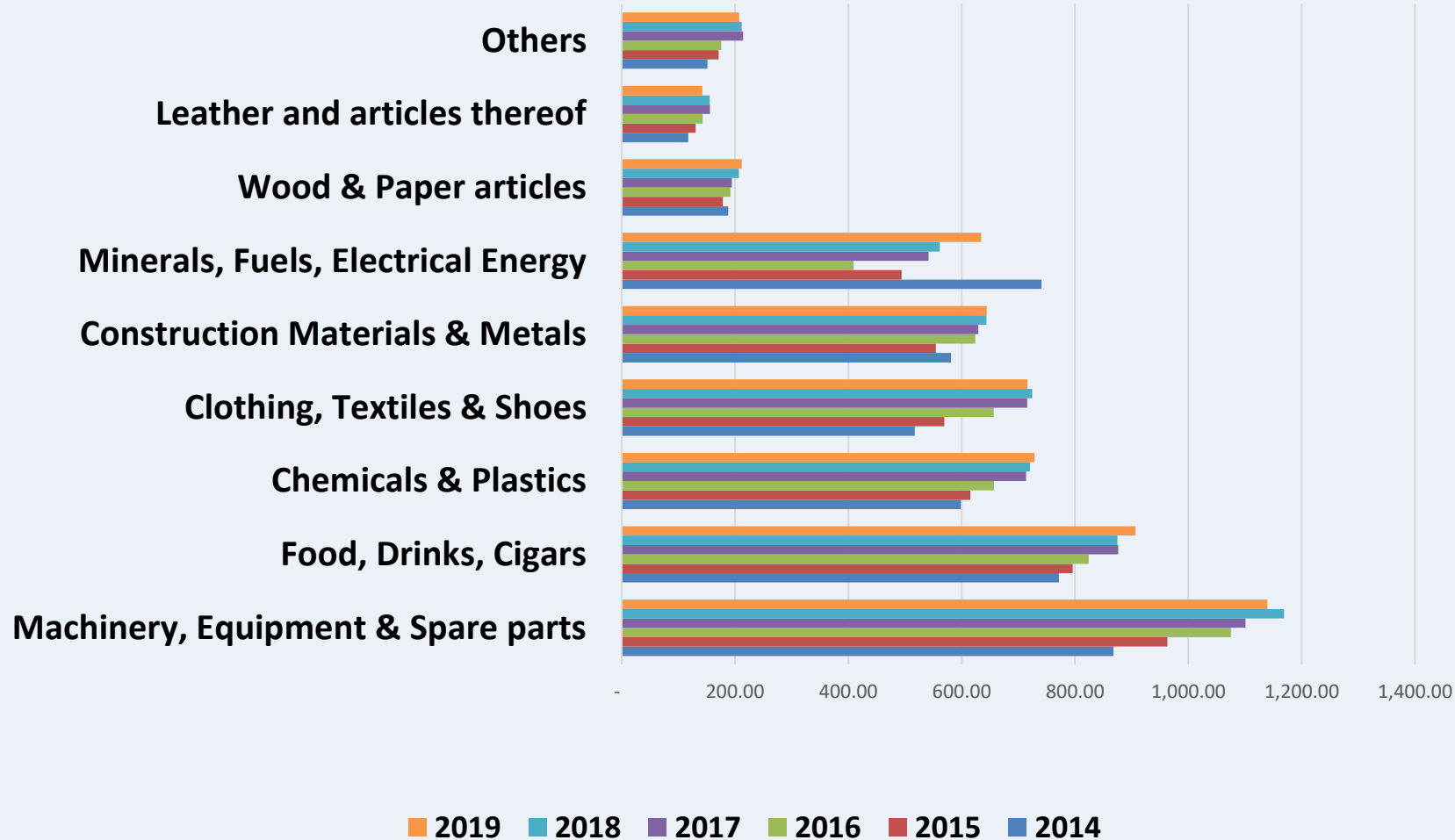


# Albania - Economic Development

## Inflation Rate Development in %



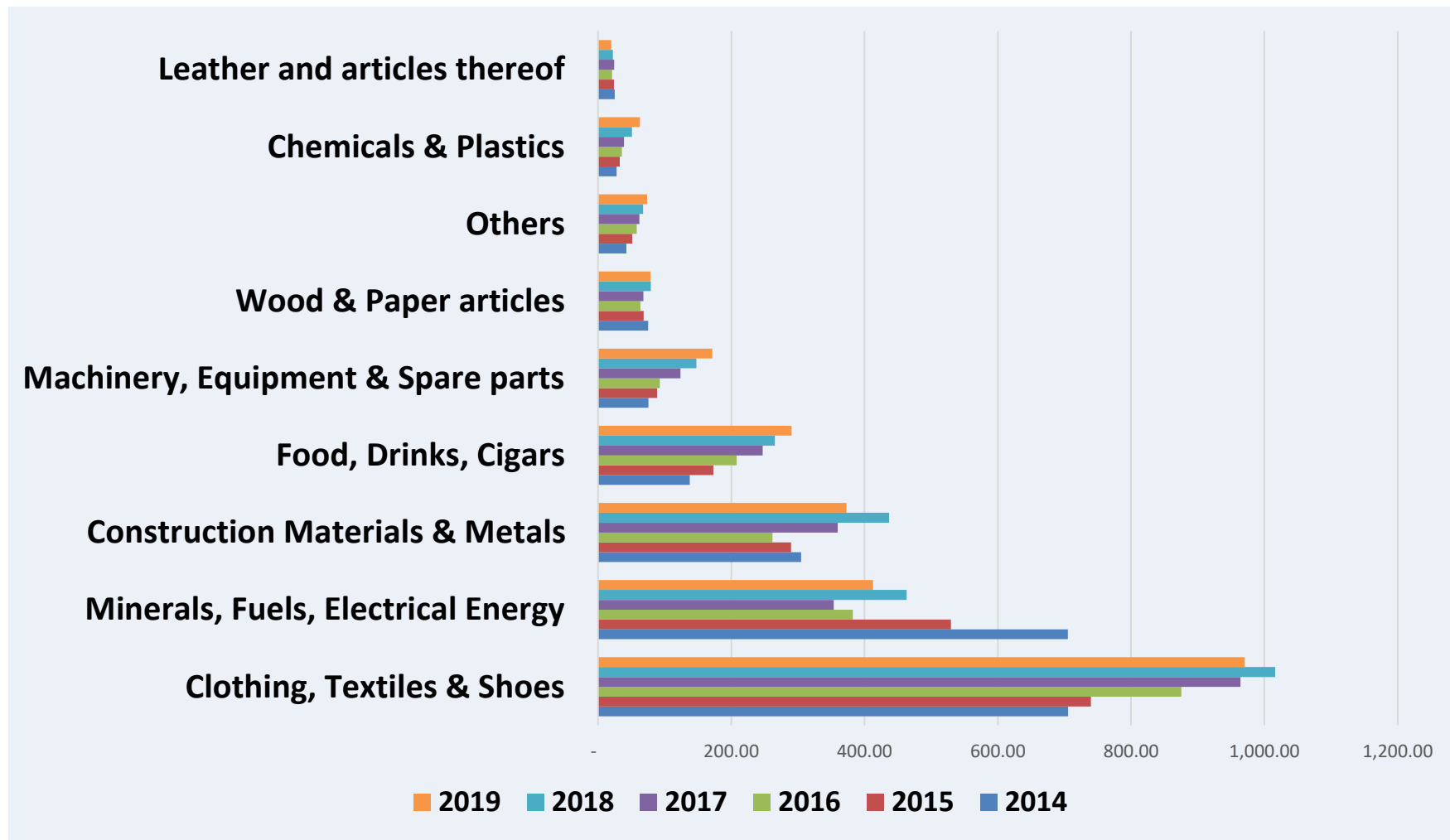
# Imports in Albania 2014-2019 in million €



Sources: INSTAT 2020



# Exports in Albania 2014-2019 in million €



Sources: INSTAT 2020

# Fiscal Package 01.01.2020

---

- **Reduction of Profit Tax to 5%** on entities operating in Automotive Industry.
- For investments over 1 billion ALL (approx. 8,2 million €) the period of **tax loss carryover** will be prolonged **from 3 to 5 years**.
- **The transfer of ownership** of the dwelling and / or land through donation or relinquishment of the property will be **exempt from personal income tax** (*before was 15% of the transfer*) when such transfer occurs within the family (the spouse or the children) and only once to a beneficiary.

## **Entered in force since 01.01.2019**

- **5% Income Tax on Small Businesses** with an annual turnover **less than 112.000 €** (14 million ALL)
- **15% Income Tax on entities** with an annual turnover **more than 112.000 €**
- **6% VAT on certified Agri-tourism businesses** for services provided such as accommodation, restaurants excluding beverages.

# Taxes and Labour Costs

## Taxes applied on Corporates and Individuals

- **Corporate Profit Tax: 5 %, 15 %**
- **Tax on Dividends: 8%**
- **Personal Income Tax (0 %, 13%, 23%)**
- **Withholding Tax: 15 %**

## Social and Health Securities Contribution

- **Social Contribution : 24.5 %, Employer: 15%, Employee: 9.5 %**
- **Health Contributions: 3.4%, Employer: 1.7%, Employee: 1.7%**

## Minimum & Average salary\*

- **Minimum Salary: 210 €/per month**
- **Average Salary: 426 €/per month\***

*\*Source: WIW*

# Taxes and Labor Costs

---

- **Personal Income Tax (0 %, 13%, 23%)**
  - < 30.000 ALL: 0 %,
  - 30.001-150.000 ALL: 13 % of the amount over ALL 30.000
  - >150.001 ALL : 15.600 + 23% of the amount over ALL 150.000

# Albania - Tax Incentives and more

---

- **NO VAT** applied on import of machineries and equipment used on investments worth more than 50 million ALL (357.000 €)
- **NO VAT** applied on medicines and health services
- **Facilitated** VAT reimbursement procedures for exporters
- **NO Excise applied on fuel import** used by oil producing companies, if they fulfil the conditions imposed by the legislation in place.
- Double Tax Treaties to **avoid double taxation (~ 40 countries, also with Germany)**

# Albania - Legislation & Licensing

---

**Company Registration: One-Stop-Shop**

**Licensing: Simplified procedures**

**Law on Concessions and PPPs (2013)**

– Facilitation of concessions and PPPs

**Law on Public Procurement**

– Free access for all companies to the online procurement portal

# Initial Registration

---

## **Economic entities that have to register in the National Business Center in Albania (QKB):**

- **Sole Entrepreneurs**
- **Commercial companies**
  - Unlimited partnership
  - Limited partnership
  - Limited liability company
  - Joint-stock company
  - Joint ventures
- **Branches and representative offices of foreign companies**
- **Savings and credit companies and unions**
- **Mutual aid and cooperation companies**
- **Agricultural cooperation companies**

# Albania - Foreign Investments & Real Estate

---

## Law on Foreign Investments

- Removal of prior authorization from the government
- Opening of all sectors to FDI
- Removal of all share limitations (100 % foreign ownership possible)
- Thus: FDI benefits are equally treated and protected

## Priority of International Treaties

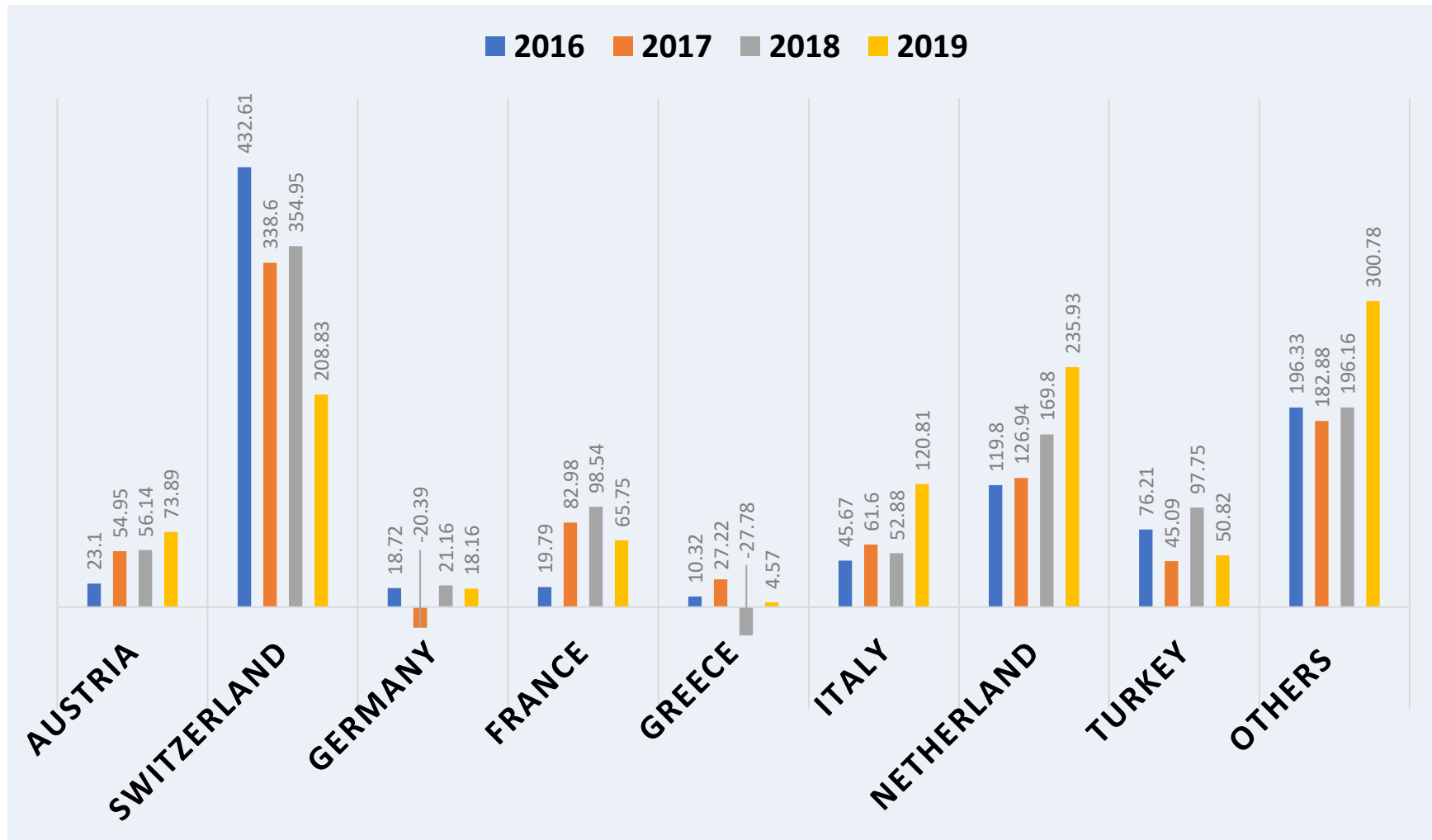
- Bilateral Treaties with many countries
- In case of conflict: Treaty provisions have priority over domestic law

## Real Estate

- Foreigners as persons cannot acquire real estate, companies yes
- Foreigners can only buy residential units, no land
- Symbolic Tariff of 1 EUR leasing contract, when renting governmental property.

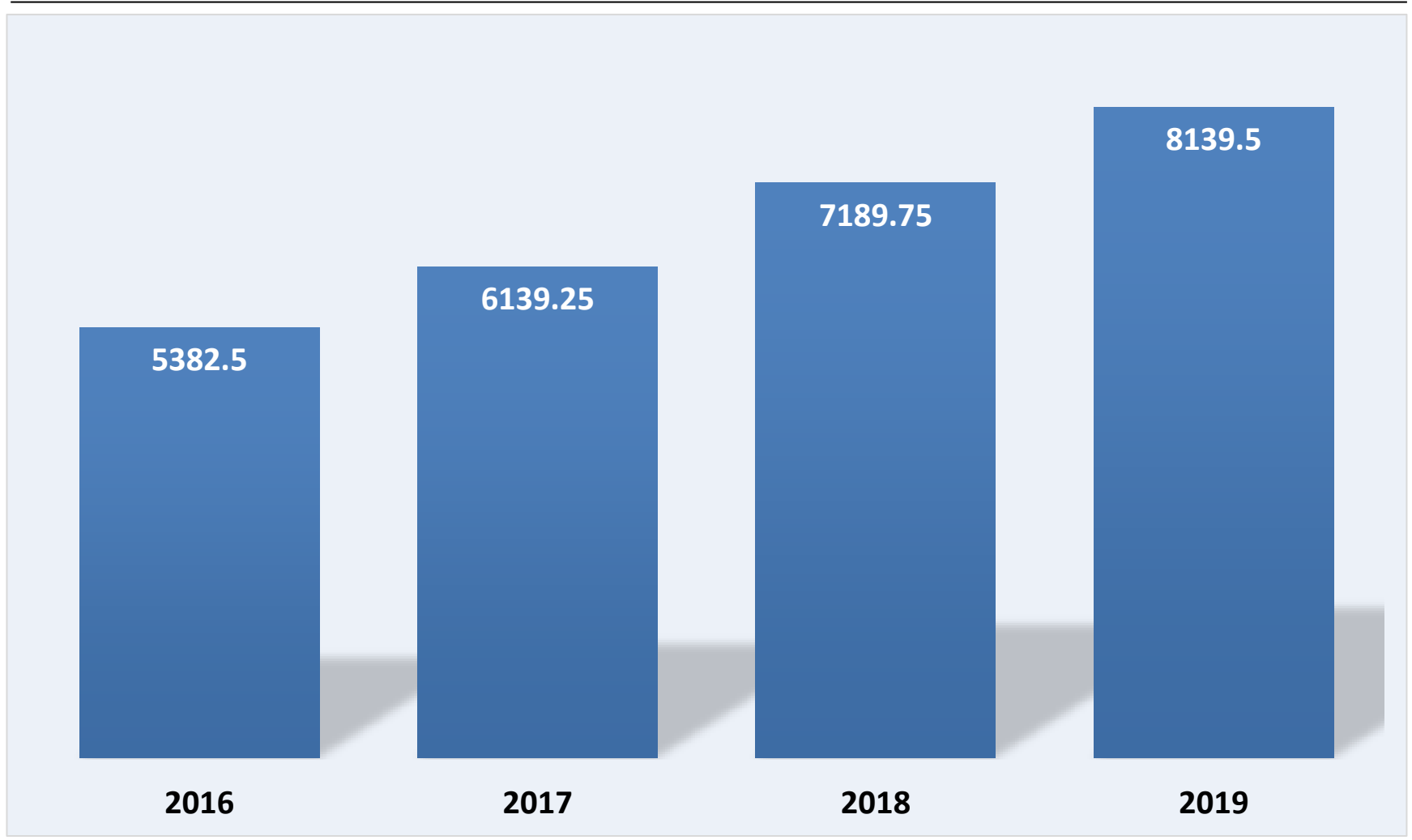


# Flow of FDI in Albania by country in million €



Sources: BoA 2020

# FDI Stock in Albania in million €



Sources: BoA 2020

# International Treaties & Memberships

---

- **June 2014 EU-Candidate**
- **April 2009 NATO-Member**
- **April 2006 Stabilization & Association Treaty (SAA) with EU**
- **Sept. 2000 WTO – Member**
- **Free Trade Treaty with the EU, EFTA-States and Turkey**
- **CEFTA – Member**
- **SECI (Southeast European Cooperative Initiative)**
- **BSEC (Black Sea Economic Co-Operation)**

# Trade Relations Albania - Germany

---

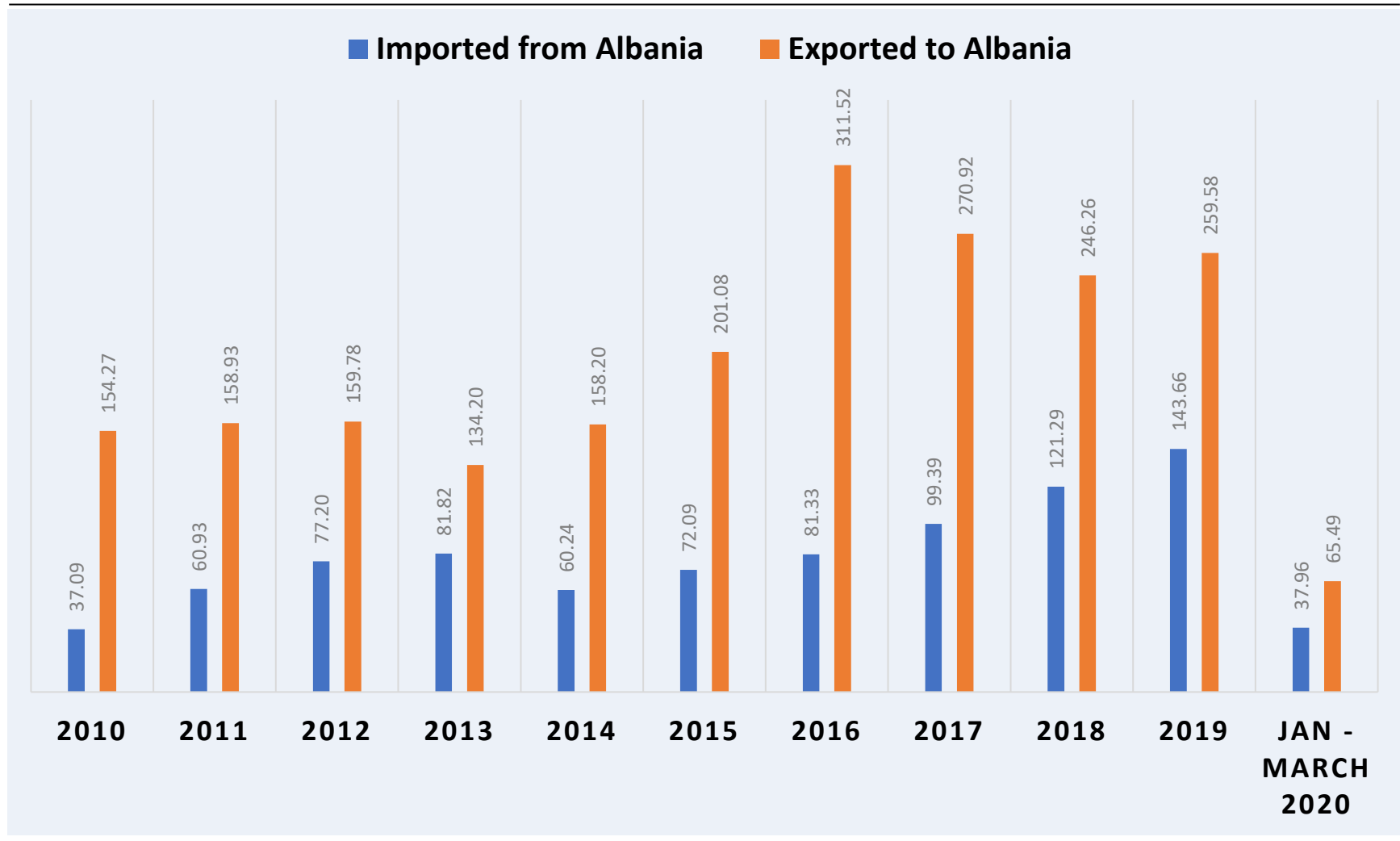
**Treaty to avoid Double Taxation with Germany - in force since 2012**

**Law „ On Strategic Investments“ - in force since January 2016**

**Law “On Foreign Investments” - in force since 1993**

*New Law “On Investments” will enter in force in 01.01.2020 and the Laws “On Strategic Investments” and “On Foreign Investments” will be abolished.*

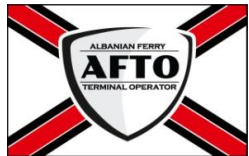
# Trade Exchange Germany – Albania in million €



## Main German Investments in Albania - sectors

<i>Transport</i>	<i>Real Estate</i>
<i>Financial Services</i>	<i>Cosmetics &amp; Drugs Retail</i>
<i>Construction Materials</i>	<i>Stevedoring &amp; Cargo Transport</i>
<i>Automotive Spare Parts Retail</i>	<i>Postal Services</i>
<i>Passenger Ferry Operations</i>	<i>Textile &amp; Shoes Production</i>
<i>Cable Harnesses</i>	<i>Engineering Offices</i>
<i>Automotive Parts Production</i>	<i>Geological Measures</i>
<i>Market Research</i>	<i>Production of Industrial Gas</i>

# DIHA - Main Investors and Members



efasolution



Albanian Port  
Operator Shpk.



futura·dent  
Fachhandel · Beratung · Service



German Albanian  
Logistics Agency



# DIHA Output

---

DIHA is the representative of German Business in Albania since October 2008, with approx. 100 Members registered.

- Monthly events on different topics for its members
- Market information & studies/publications
- Address research
- Business partner search
- Advertisement
- Delegation trips
- Recruitment service
- Consulting service - vocational education
- SES - Senior Experten Service





Deutsche Industrie- und  
Handelsvereinigung in Albanien

# ALBANIA IN FIGURES



## **Imprint:**

© 2020 DIHA - **D**eutsche **I**ndustrie- und **H**andelsvereinigung in **A**lbanien

*German Association of Industry and Trade in Albania*

*Rr. Skënderbej 4/7*

*1001 Tirana, Albania*

*Tel: +355 (0) 4 2227146*

*Email: [info@diha.al](mailto:info@diha.al)*

*Web: [www.diha.al](http://www.diha.al)*