



MEASURES TAKEN BY THE ALBANIAN GOVERNMENT ON ACTIVE PROCESSING INDUSTRY/FASON

- 1 Approved the DCM no. 54 dated 5.02.2014 "On determining the criteria, procedure and method of renting, emphyteusis or other contracts of State assets ";
- 1.1 Approved Instructions "On determining the criteria, procedure and method of renting, emphyteusis or other contracts of State assets ";

Impact on industry:

- For the first time, a symbolic 1 € / contract for active processing plants
 - Financial impact is estimated on average 24 million ALL/ year towards active processing industry entrepreneurs
- 2 Approved Instructions, no. 1/1, dated 29.01.2014 "On some amendments to Instruction No.01 dated 09.06.2012, "On the practical execution of the active processing", article 9, paragraph 2.2.1.

Impact on industry:

- Reduction of the administrative costs
 - Time reduction for economic operators
- 3 Approved Order pursuant to the DCM no. 205, dated 13.04.1999 "On the implementation provisions of the Customs Code ", Chapter 4, Article 14" Working Hours of the Customs offices."

Impact on industry:

- 24 hours service to declare and control
- 4 Approved Law no. 179/2013 "On tax procedures in the Republic Albania ", as amended;
 - 4.1 Approved Instruction No. 06 on 27. 02.2014 "On some additions and amendments in instruction No. 17, dated 13.05.2008 "On Value Added Tax" as amended ".
 - 4.2 Approved DCM no. 202, dated 09.04.2014 "On the determination of terms and criteria for exporters for the purpose of the VAT reimbursement";

Impact on industry:

- VAT refunds obtained:
 - Immediately in the case of zero risk exporter taxpayer.
 - Within 30 days if the taxpayer is an exporter;
 - Within 60 days in the case of other taxpayers.
- Increased liquidity by about 900 million ALL for taxpayers receiving VAT credit.

- 5 Will increase the efficiency of the enforcement of Law no. 9723, dated 03.05.2007 "On the National Registration Centre ".

Impact on industry:

- The ease and improvement of the registration procedures, through the online application on e-portal of Albania
- Registration time reduction from 1 day to 8 hours
- The platform will be used by 20% of businesses within the year of 2014, 40% in 2015 and 50% in 2016.
- Enabling on-line withdrawal of extracts or other documents by entrepreneurs, 30% in the year 2014, 40% in 2015 and 50% in 2016.
- Reduction of entrepreneurs visits to the NRC offices by 50% .

- 6 The Authorization of VAT on fuel is regulated by the Instruction No. 6/3, dated on 08.04.2014 "On some amendments to the Instruction No. 17, dated on 13.05.2008 "On the value added tax" , as amended "

Impact on industry:

- The VAT on fuel is credited instantly without the need to submit the documentation or the approval by the Regional Tax Directorate.
- Time and cost reduction for the entrepreneurships.

7 The requirements for the granting of the preferential origin of goods are determined by the Stabilisation and Association Agreement (SAA) and by the Free Trade Agreements, as CEFTA, EFTA etc.

Impact on industry:

- The entrepreneurships that apply can immediately obtain a certificate EURO-1, if they fulfill the specified criteria.

- 8 The Active Processing Industry Associations, based on the principle of rotation, will be represented in the National Economic Council.

Impact on industry:

- The increase of the active dialogue with the Government.

- 9. The strengthening of the AIDA's role in support of the active processing industry has been taken as a commitment. » 9.1 The establishment of the help desk "One Stop Shop" dedicated to the active processing industry at AIDA's offices.

Impact on industry:

- Financial support for at least six active processing industry enterprises through the grant schemes that are administered by AIDA, with a value of 10.8 mln ALL or 34% of the total of the grant;
- Intermediation for resolving the issues addressed to the one stop shop help desk.
- Follow-up and monitoring of the issues and impact of the facilitating package, through periodic meetings;
- The establishment of the active processing industry database;
- The improvement of the active processing industry entrepreneurs image through the dedicated web pages:

- The organization of annual Conferences on Active Processing Industry from AIDA.

➤ 10 The approved amendments:

- ✓ The DCM No.193, dated on 02.04.2014 "On some amendments and additions to the Decision No. 47, dated on 16.01.2008 of the Council of Ministers, "On the incentive program of employment through job training", as amended";
- ✓ The DCM No. 192, dated on 02.04.2014 "On some amendments and additions to the Decision No. 48, dated on 16.01.2008 of the Council of Ministers, "On the incentive program of employment of unemployed job seekers in difficulty ", as amended";
- ✓ The DCM No. 188, dated on 02.04.2014 "On some amendments and additions to the Decision No.199, dated on 11.01.2012 of the Council of Ministers "On the funding level, criteria and procedures for the implementation of the incentive program of employment for the unemployed jobseekers who start working for the first time";
- ✓ The DCM No.189, dated on 04.02.2014 "On some amendments to the Decision No.27, dated on 11.01.2012, of the Council of Ministers "On the incentive program of employment of women from special groups";

Impact on industry:

- The value of the incentive employment programs is estimated 100 mln ALL or 3fold increase compared with the year 2013;
- 1 year social insurance;
- 4 salaries covered by the state for the categories provided in the respective DCM;
- On employment incentives through job training the state finances: - 70% of training costs for SMEs; - 50% for large enterprises.

➤ 11. The Ministry of Social Welfare and Youth has simplified the procedures of the Labour Offices

Impact on industry:

- Reduction of the procedures as a result of the elimination of the State Labour Inspectorate during the approval process;
- Online application at www.puna.gov.al;
- Performance evaluation for the approval of the projects;
- Reduction of the project approval deadline from 20-30 days to 10 days;
- Immediate access on the data through the online database for employers and jobseekers

➤ 12 A show room shall be established with donor funding: GIZ / EDEP (Enterprises Development and Employment Programme), Italian Cooperation for Development and USAID etc..

Impact on industry:

- Technical and logistical support and assistance for the creation of a show room pattern;

➤ 13 In collaboration with the Ministry of Foreign Affairs, a process for strengthening the role of economic diplomacy through the establishing of the Commercial Attaché offices is in progress.

Impact on industry:

- Promoting the MADE IN ALBANIA brand;
- Promoting the imagine of the country;
- Increasing the participation in the wide network of the European enterprises

- 14 The legislation on the operation of economic zones and relative issues for each of them as per decision of the Council of the Ministers is being amended.

Impact on industry:

- Increase of access abilities
- 15 DCM no. 419, dated 15.05.2013, "On the creation of the Albanian Competitiveness Fund ", is currently being amended.

Impact on industry:

- Increase by 40% of financed value, per single project, up to 1,400.000 ALL;
- Possibility for Businesses to apply more than once per single Fund;
- Increase of the participation of companies in international fairs and exhibitions;
- 16 The obtaining of funds is being negotiated through: - Arrangements for funding programs by donors such as the Italian Cooperation for Development &KfW (value 39 million Euros).

Impact on industry:

- Facilitation of financing business investments for importing of technological lines, through loans at interest rates lower than the market ones;
- 17 DCM no. 180, dated 02.13.2013 "On determining of the list of machinery and equipment that are directly related to the investment, exception procedures and respective criteria" as amended, is being revised.

Impact on industry:

- The Financial impact is estimated at about 150 million ALL, remaining to business operators.
- 18 The reversal of the tax on active processing industry profits will be implemented through the allocation of a special Fund for Employment and Occupational Qualification at the Ministry of Welfare and Youth.

Impact on industry:

- Employment and Occupational Qualification Fund is estimated at 5 million USD for the first year, to be installed gradually;
- Encouraging the employment and qualification of the labor force.
- 19 There are consultations taking place with the Italian Government, in order to achieve the removal of the flat tax imposed on Albanian carriers, which is still in force.

Impact on industry:

- Reduction of the current costs at € 6.2 / t, per 100 km.
- 20 Revision of the Regulation on the implementation of DCM No.100, dated 03.02.2008 "On the definition of hazardous substances"

Impact on industry:

- Reduces time and costs for industries that are classified with low risk for the employee's health.

- 21 Draft law "On VAT" which is foreseen to enter in force on January 1, 2015.

Impact on industry:

- Reduction of the VAT costs for subcontractors, in the amount of 760 million ALL

- 22 Will insure participation / application in community and regional programs like: COSME, EDIF, etc.

Impact on industry:

- The Stimulation of the Active Processing Industry by providing technical and financial assistance

- 23 Implementation of "Online Connectivity System (single window)" Project between the General Directorate of Taxation and the Institute of Social Insurance.

Impact on industry:

- Time Reduction
- Costs Reduction

- 24/25 In the framework of vocational education and training the following projects has been designed:

- ADA Project "On the Development of the Dual System in Albania". The Projects aim is to establish three schools in three cities, in cooperation with "Naber Damen Mode" at a cost of 390,000 Euros.
- A post-secondary course at the Faculty of Mechanical Engineering (textile branch);
- EU Project and ILO Human Resources Development (IPA ILO in 2010, HRD) Impact on industry
- Improvement of the capacities and skills of employees;
- A vocational training course in the field of textile;
- Certification of the knowledge gained (textile is chosen as a pilot industry).

- 26 The Law No. 181/2013 "On the local tax system," as amended

Impact on industry:

- Establishment of appropriate instruments on proper management of this tax. The change of taxation model from lek/m² in % towards the market value.

- 27 The Ministry of Finance will draft the Law on the exemption of interests on arrears for social insurance contribution, for active processing industry.

Impact on industry:

- The financial impact is estimated in the amount of 100 million ALL

- 28 The Article No.140 of the Customs Code specifies the rate of yield. The new draft- code fully harmonizes the provisions related to this regime.

Impact on industry:

- Facilitation of customs procedures.

- 29 Business Sanctions because of the difference in weight is being reviewed by the General Customs Directorate to be addressed through new custom's draft-code.

Impact on industry:

- Facilitation of Customs Procedures
- 30 General Customs Directorate is working to reflect this problematic in the new custom's draftcode.

Impact on industry:

- Reduction of financial costs and time for business.
- 31 Based on Customs Legislation, every item declared in the economic customs regime is excluded from the rule of territorial competence. The right for placement into regime is provided in any customs office. Albanian Customs Authority is in a preparation process for the establishment of legal infrastructure, IT and qualified staff for the implementation of simplified procedures.

Impact on industry:

- Facilitation of administrative procedures
- Reduction of time for business.
- 32 General Customs Directorate is reviewing procedures in order to resolve the request for 5 years authorization.

Impact on industry:

- Facilitation of administrative procedures Reduction of time for business.