

The entry into force of the new law nr.10228 date 04.02.2010 "In some foreseen changes and extension at the law nr 84380 date 28.12.1998 "Income Tax" we want to inform you that there are some new changes:

Article 8 - TAXABLE INCOME

Into the article has been added the clause h), which provides that monetary incomes for the increase of capital from sources outside the company, which are never been taxed before, will be considered as taxable incomes, while had been subject to tax and which are not accompanied by official documents, which prove the origin of the income.

The procedure for the application of this clause will define with a directive of Financial Minister.

Article 12/6 –TAXABLE INCOMES DERIVING FROM THE ACTIVITY OF SMALL BUSINESSES

All the changes made in this article provide that legal person and natural person, which are subject of local tax above of small business, based on article 10 of the law no.9632 date 30.10.2006 "For the system of local tax" with an estimated annual turnover under 2 million lek, must declared in 31 march of the year for the following tax period, only if annual turnover for the tax period is more than 2 million form the normal value.

Article 16 – INCOME TAX ACTION'S AREA

This article has been modified as following:

Clause 1 text c) provides that all the persons, which despite of the status or legal form of registration or knowing, are subject of VAT, will also be included in the subject's list submitted on the Income Tax; exemption constitutes the only case where that person is subject to personal income tax on small businesses.

Clause 2 provide that every person, within the meaning of this law, which despite of its status or legal form of registration or knowing, at the moment when it is or becomes subject to the Income Tax, has the right to ask the cancellation of the registration at any time, but not to become a subject to the personal income tax on small businesses.

Article 22 - AMORTISATION

Clause no.3 of this article, which gives the respective explanation according to the amortization of buildings, construction and machines and equipment longtime, provides that the cost of the purchase or building, costs of improvement, renovation of the construction of the building, construction and machines and equipment longtime service, must be depreciated separately, with the residual value, at 5 per cent.

Article 33/1 – DEPOSITION OF THE DECISION FOR APPROVAL OF ANNUAL RESULTS AND PROFIT DESTINATION

The changes applied to this article provide the procedures regarding the following, for the approval of annual results and the profit destination.

1. Trade Companies , subjects of the law “About Traders and trading companies” changed, after paying the tax on profit, under the provisions of Chapter 2 of this Law, **within a period of six months** from the closure date of the financial year, must pass in the assembly of the partners or competent decision making structure of the company, the financial results regarding the closing year and the destination of the net profit, assigning the amount of legal reserves, the part assigned to the investment or for additional capital and the part that will be distributed as dividend.
2. Trade Companies and individuals, under clause 1 of this law, must file at the tax, **not later than July 31** of the calendar year, the assembly’s decision/ individual’s decision. In case of delay of this decision, will be applied a fine of 10,000 (ten thousand) for each month of delay.
3. Legal persons must deposit to the tax authorities the share’s tax, regarding the clause 1 of this Article, **not later than July 31** of the year in which is held the result’s approval, regardless of the distribution of the dividend.
4. The decision of the assembly of the partners, of the competent authority of the company or the decision of the individuals, according to this law, regarding the approval of the results and profit after tax designation must be presented to the tax authorities in accordance with the tax deadline defined at the clause 2 of this article, even if in practice the result has been a lost or zero. For the non deposit of the decision will be penalty under clause 2 of this law.

This law has been announced by decree no.6429 dated 02.16.2010 from the President of Republic of Albania and **enters into force on the date 12.03.2010**

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