



ALBANIA

Albania - Civil Law



Incorporate Now



Consultation

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Albania

Albania taxes

If you are willing to do business in Albania, this article will educate you on the tax laws for a LLC which is the most common company structure in Albania.

Albania taxes corporate income on a worldwide basis. The established approximate percentage for income remitted, from our research, but seek professional advice, is 15%. The country doesn't have major incentives to bring income earned abroad. Taxes are lower than average in Albania because the headline corp. tax rate is 15%. This ranks Albania as 44th overall with regards to corporate tax rate worldwide. Taxpayers with annual turnover up to 5 million Albanian lek (ALL) are exempt from CIT, whereas those with annual turnover between ALL 5 million and ALL 8 million are subject to a reduced CIT rate of 5%.

The VAT rate in Albania is 20.00%, that ranks Albania as 134th overall in terms of VAT globally. In terms of other taxation, an employer will contribute 18.40% to the equivalent of a social security and health fund and an employee will contribute 12.90%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 94hours. Contributing to this is the number of yearly labor tax payments, which is 1 in AL.

Thin capitalization mandates are in play. This refers to any type of requirements on a business and the debt-to-asset ratios. A participation exemption may apply for dividends received from resident entities. Dividends received from foreign entities are included in taxable income and subject to CIT. Dividends are payments of an earnings of the legal entity, determined by the board of directors, to shareholders. Dividends can be one of the following cash payments, shares of stock, or other property. Capital Gains are subject to Corporate Income Tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. This means that the taxman expects companies to withhold 15% of money remitted abroad on interest payments. The dividends withholding tax rate is 15%. This means that the relevant tax authorities expects companies to pay tax on at least 15% on dividend payments abroad. The royalties withholding tax rate is 15%. This should be interpreted usually that the tax authorities expects relevant legal entities to pay tax on at least 15% of money remitted abroad on royalty payments. Withholding taxes may be reduced under tax treaties.

There is no known tax on wealth in Albania. There are inheritance, transfer and real property taxes in AL. We are aware of commonly used research and development breaks on taxation here.

The above is not tax or legal advice for your particular situation. We are able to point you a tax advisor in Albania who can advise you. Want to work together? Click the free consultation button above.

The vat rate in Albania is 20% which ranks 134 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 41 **Tax treaties**
- 15% **Offshore Tax**
- 15% **Corp rate**
- **Loss carryback years**
- 119 **Corporate time**
- 20% **VAT rate**
- 15% **Capital gains**
- No **AEOI planned**

Albania Legalese

The underlying legal code in Albania is civil law law. You will want to get some local advice as to how to best structure a company in Albania. E-signatures are allowed.

The letters AL is for Albania and the most common company structure in Albania is a LLC.

The average time to incorporate is 1-2 working days to put together the paperwork and file a LLC in AL. The types of cash you can use to capitalize your company is often LEK and any legal currency.

To "re-dom" a company is not common, and there are no re-domiciliation laws. One is typically not permitted to change the jurisdiction.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in AL by yourself. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the LLC.

A company is only required to have 1 director on the board. Furthermore, corporate directors are permitted. Directors are disclosed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an office which can receive a service of process on behalf of the registered legal entity. Moreover, a corporate secretary is not always necessary, at least not by law.

There is an obligation to file yearly tax returns. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Albania is a ok option and have given it a score of 59 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 **Shareholders required**
- 1 **Directors required**
- 1-2 working days **to form**



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Country Info



🚩 National Flag of

**Republika e Shqipërisë
(sqi)**

\$ Currency

ALL

☎ Area Code

+355

🏛 Capital

Tirana

📍 Region

Southern Europe

🗣 Native Languages

Albanian