

IC SURVEY'S RESULTS ON VAT REFUND

SECRETARIAT OF INVESTMENT COUNCIL
NOVEMBER 2016

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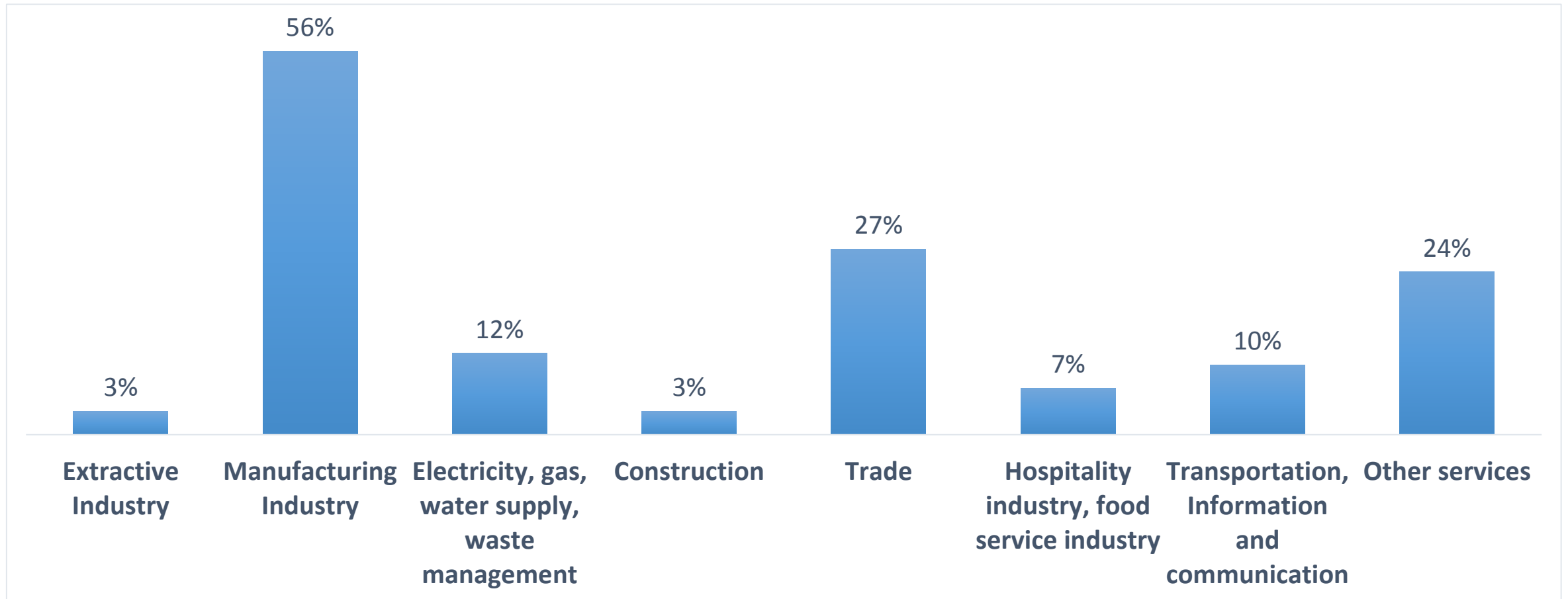
III. FINDINGS ON INVESTMENT COUNCIL

I. DATA ON THE SURVEY

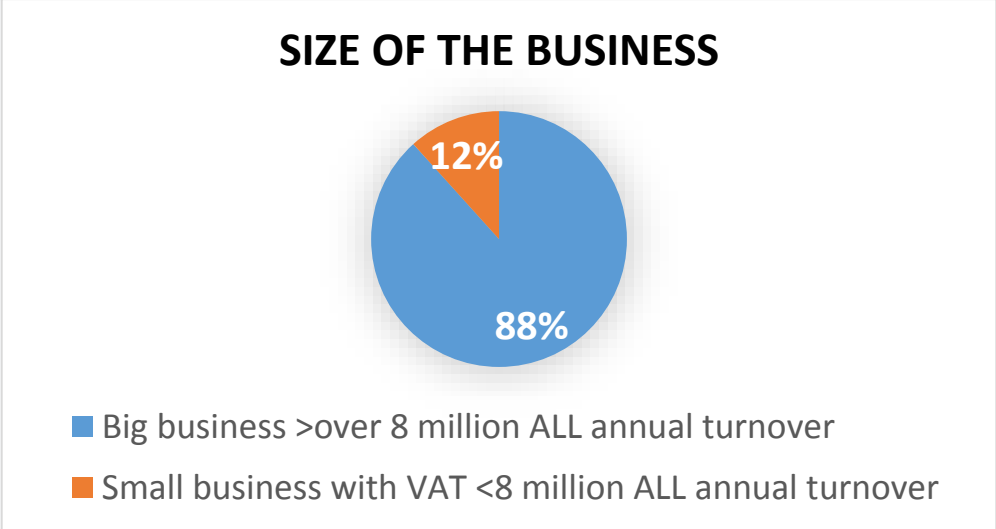
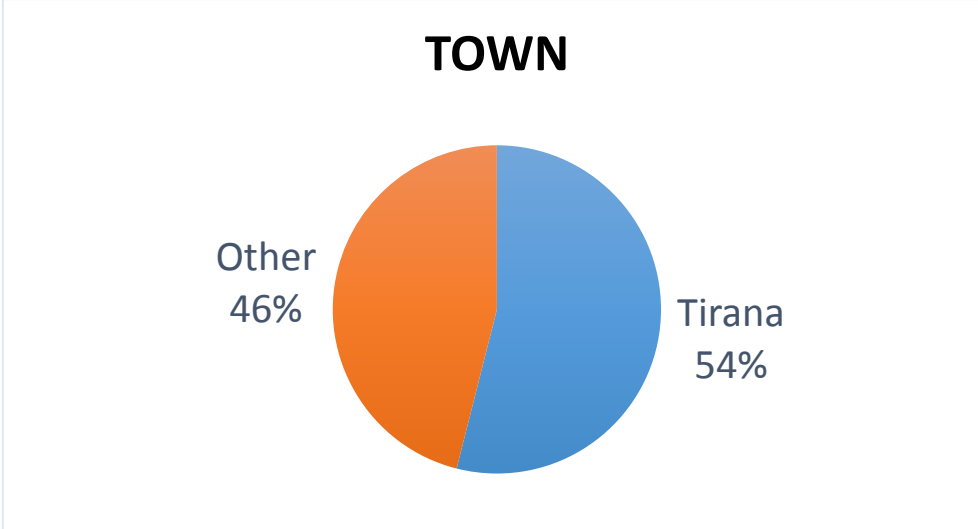
- **Online and anonymous: 05 September – 20 October 2016**
- **Closed and open questions**
- **Responded 77 Businesses** (contacted by e-mail 1.000 businesses, of which 411 businesses refunded in 2015, 500 business from NBC, 30 associations, etc.)
- **88% companies with an annual turnover over 8 million ALL**
- **40% foreign companies**
- **54% located in Tirana**

I. REPRESENTING SECTORS IN THE SURVEY

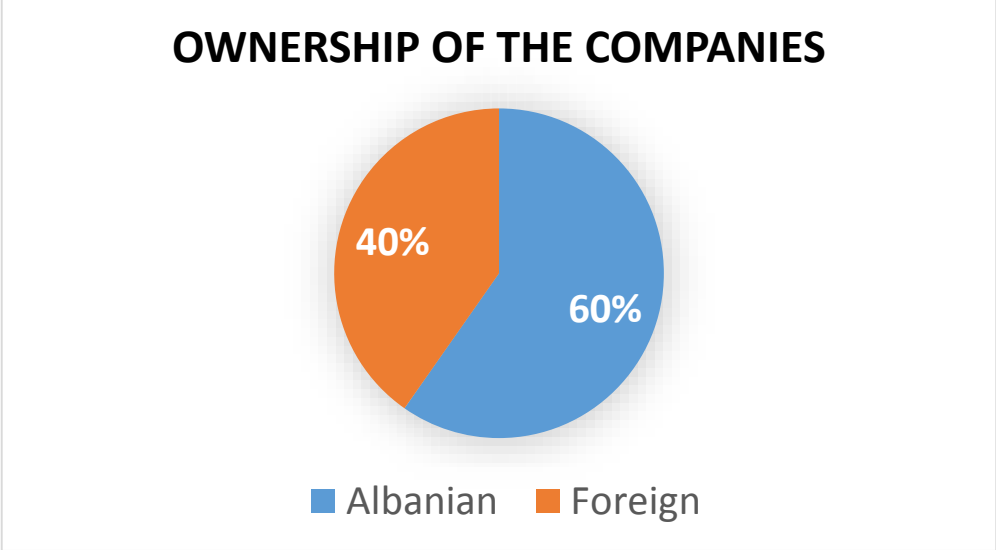
Businesses from the Industry Sector occupy the highest number of responses in the Survey (56%), followed by Trade (27%) and other Services, such as banking, health services, education, real estate, etc. (24%).



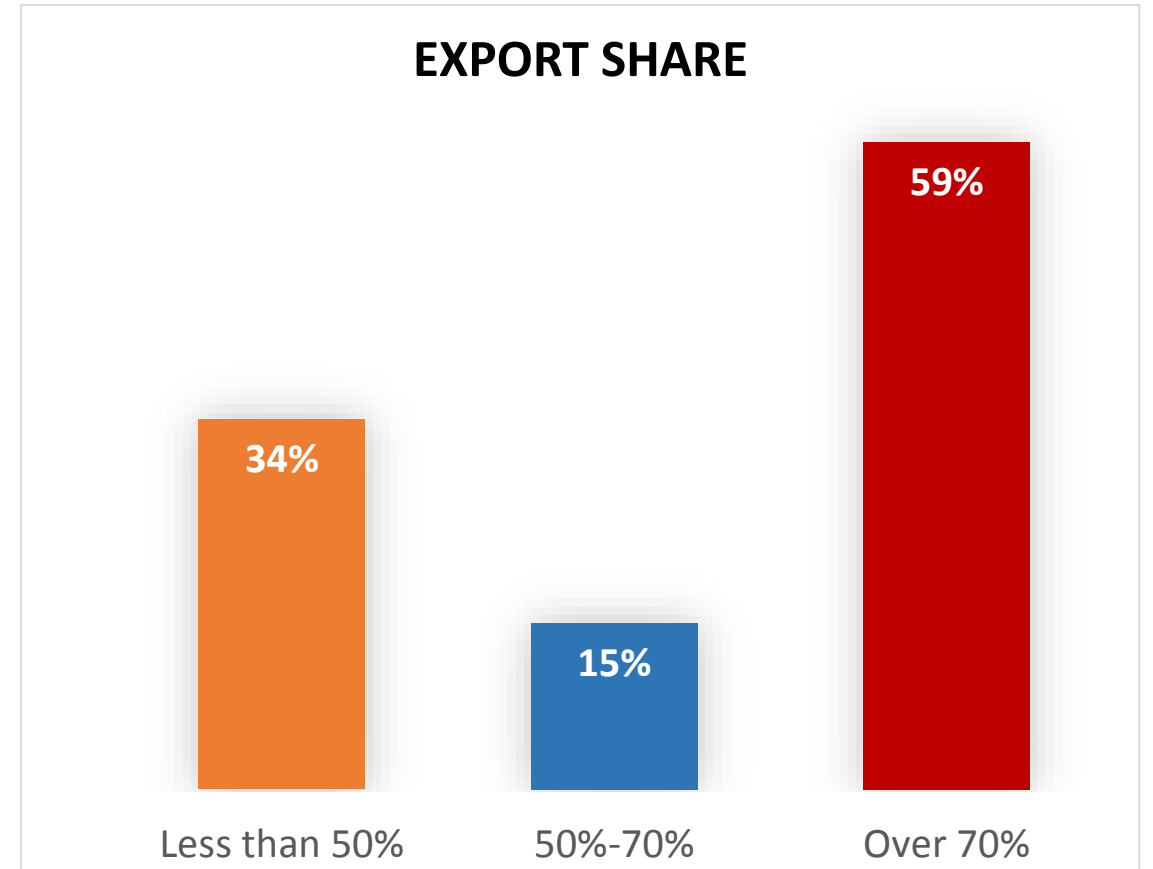
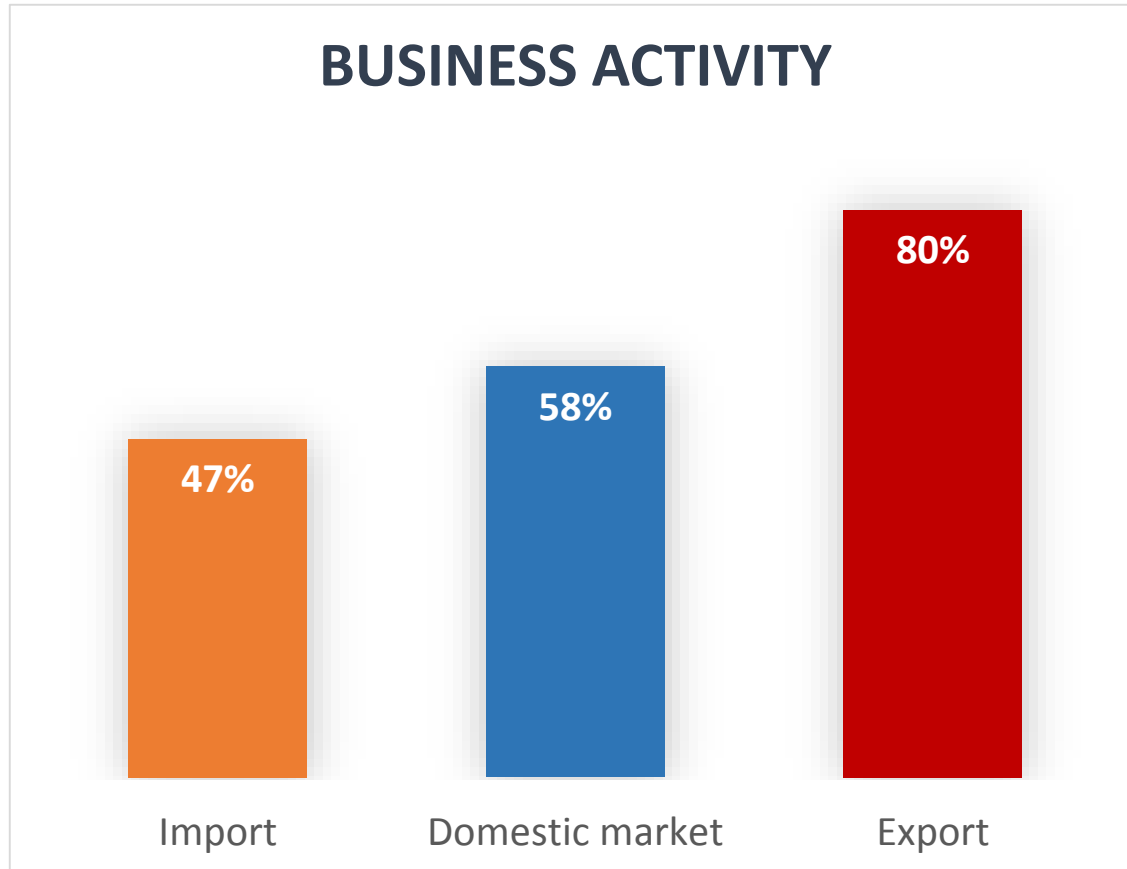
I. PROFILE OF BUSINESSES PARTICIPATING IN THE SURVEY



- 54% of business located in Tirana
- 88% with a turnover over 8 million ALL
- 40% of foreign ownership



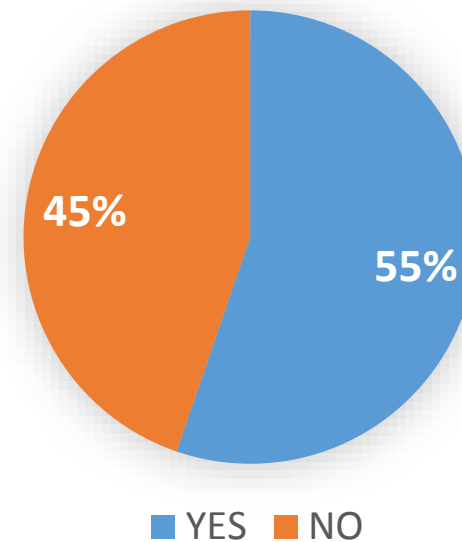
I. BUSINESSES ACTIVITY OF THE SURVEY RESPONDENTS



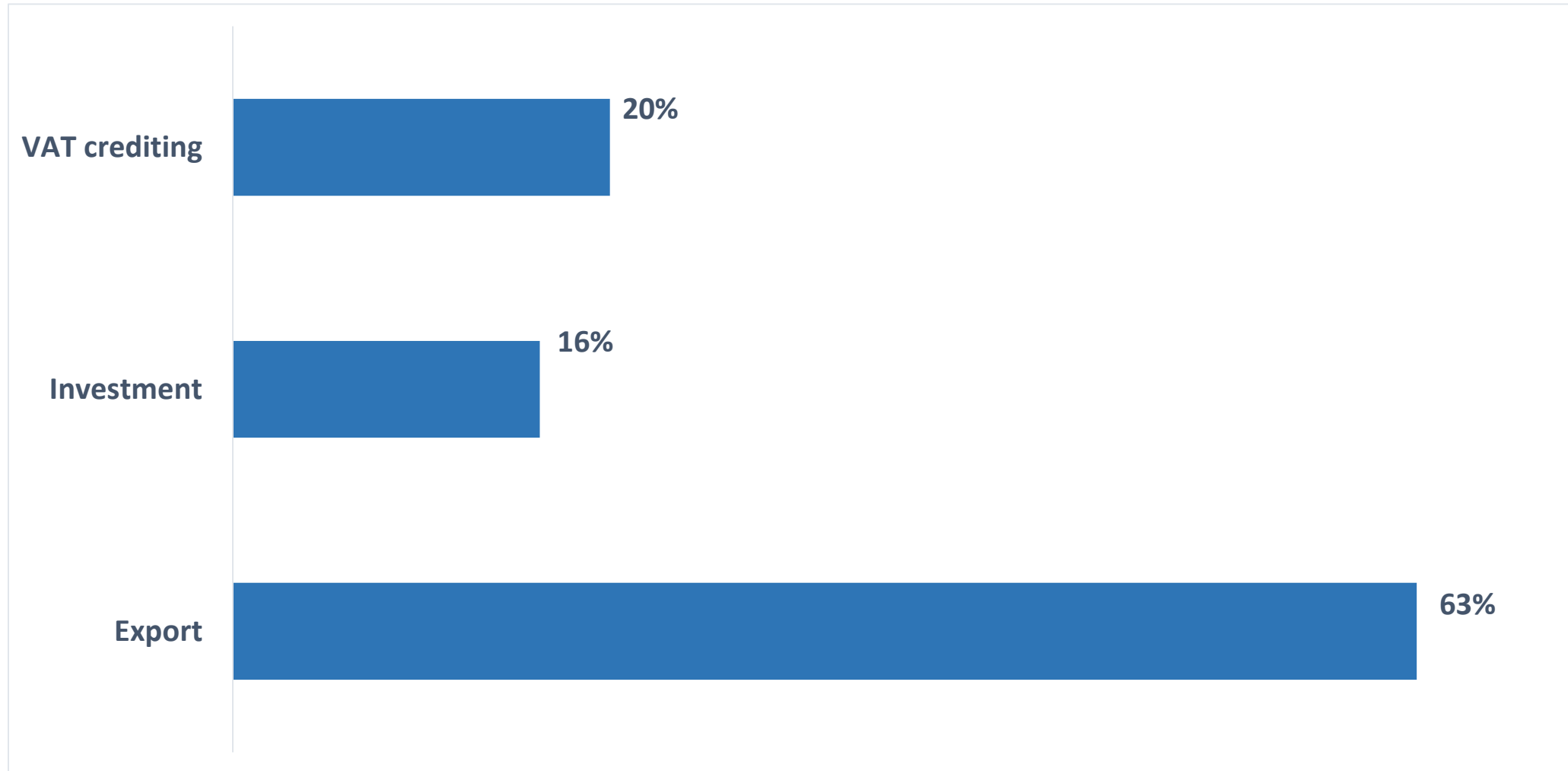
II. FINDINGS, VAT Refund

Based on the Survey responses, 55% have applied for VAT refund during 2015-2016 (43 businesses) meanwhile according to the Ministry of Finance it is estimated that the total number of businesses which have applied for VAT refund is around 1.000.

Have you applied for VAT Refund during September 2015 - September 2016?

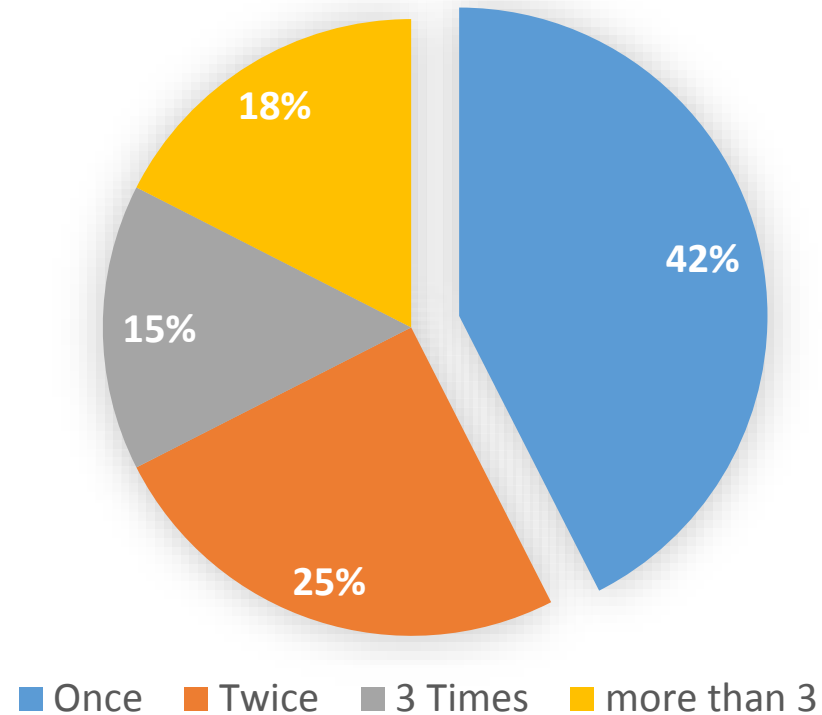


II. FINDINGS, The Object for VAT Refund



II. FINDINGS, Frequency in Requesting VAT Refund

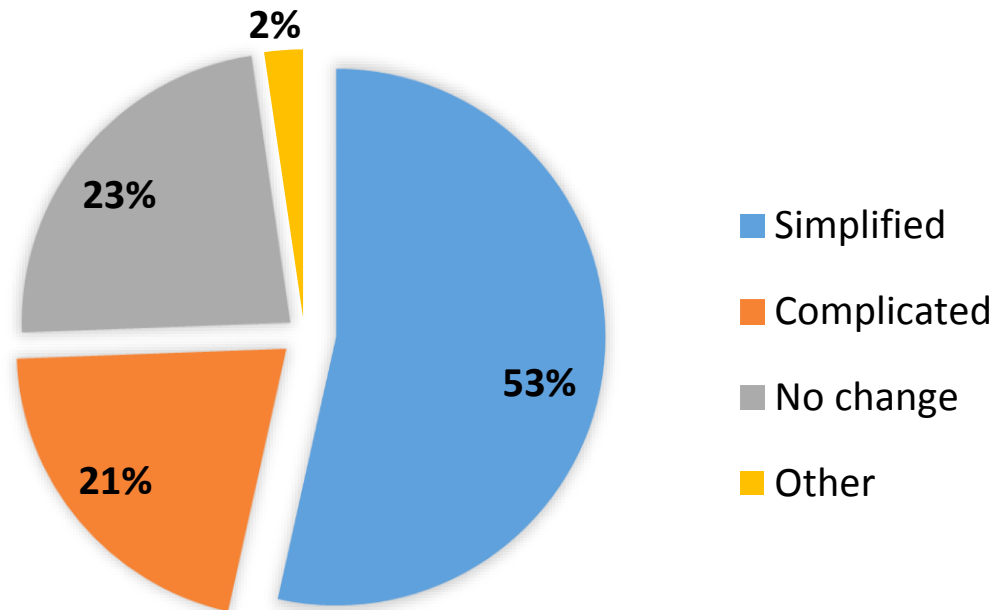
How many VAT refunds have you submitted to the tax administration during period September 2015 - September 2016



58% of companies that have requested VAT Refund, have applied more than once during September 2015 – September 2016.

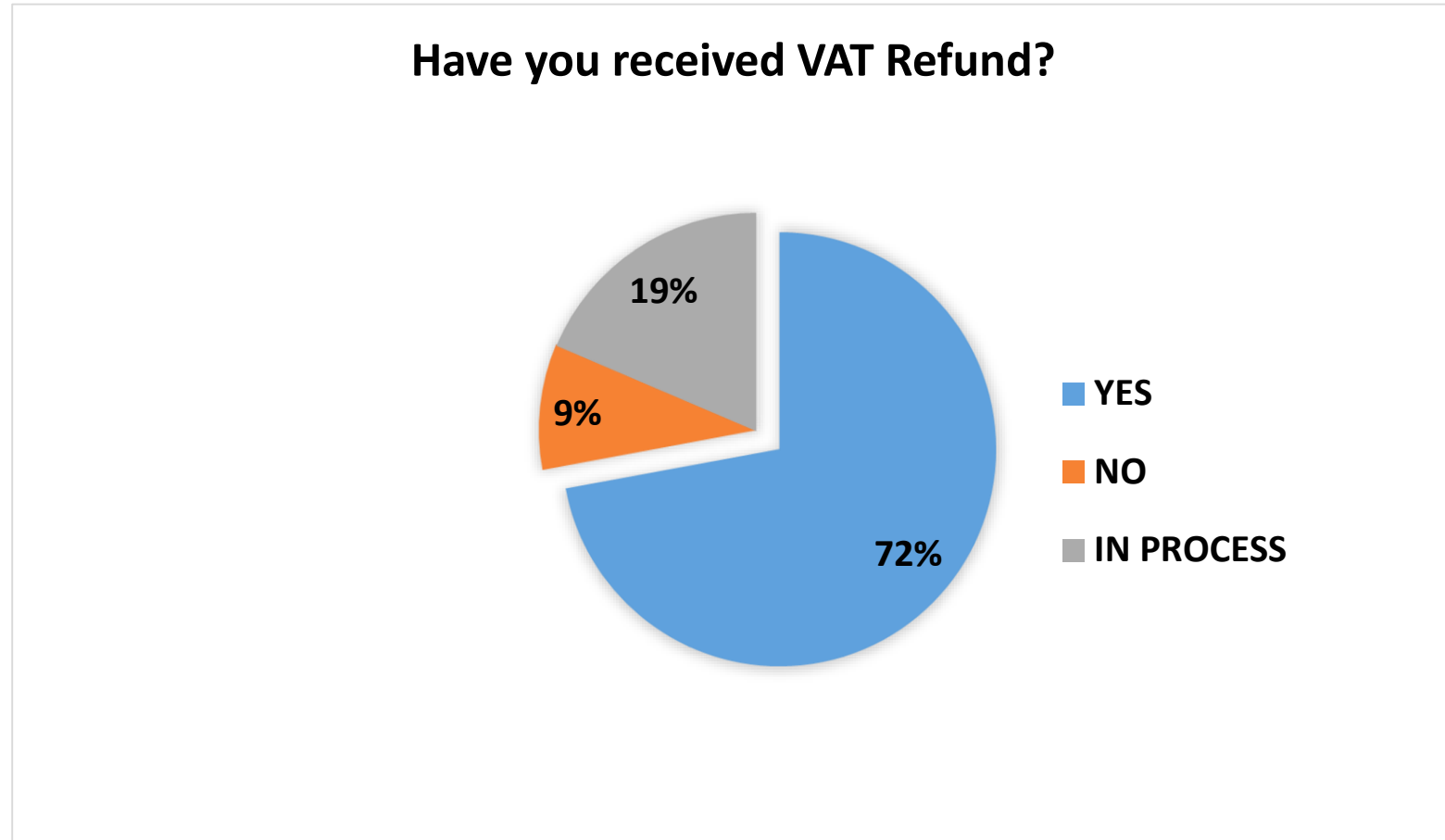
II. FINDINGS, Application Procedure for VAT Refund

VAT Refund Applying Procedure in the System

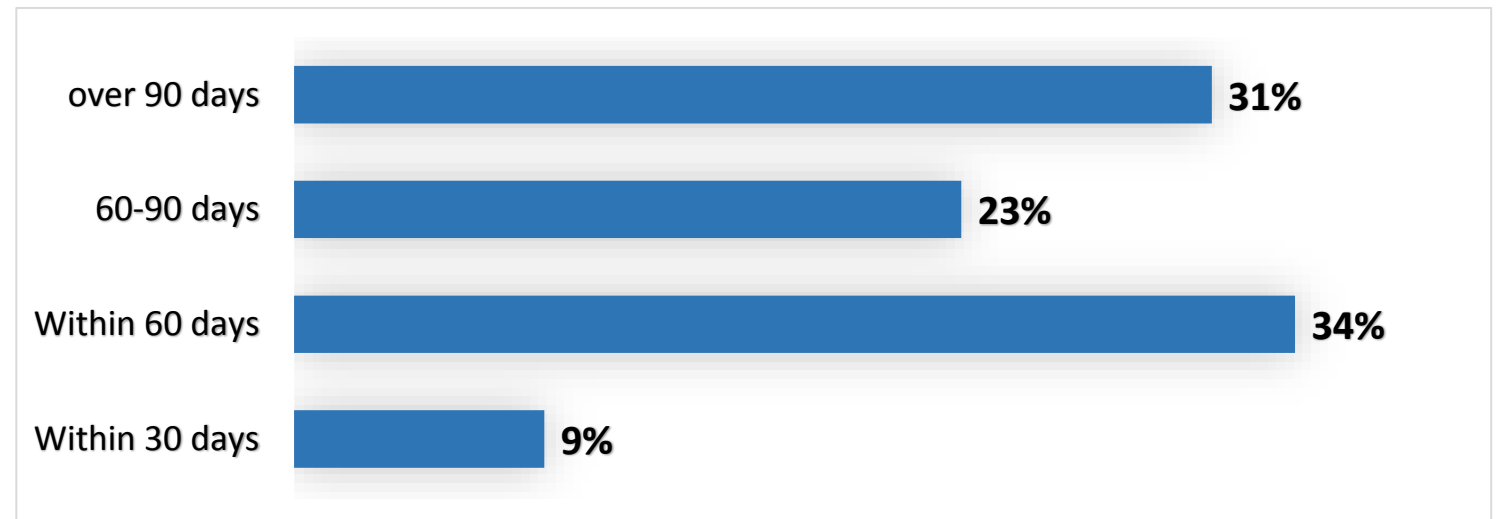


- 54% confirm that it is simplified;
- 23% say the procedure has not changed;
- 21% think that the format on the system has become complicated, regarding required documentation to be submitted by the taxpayer.

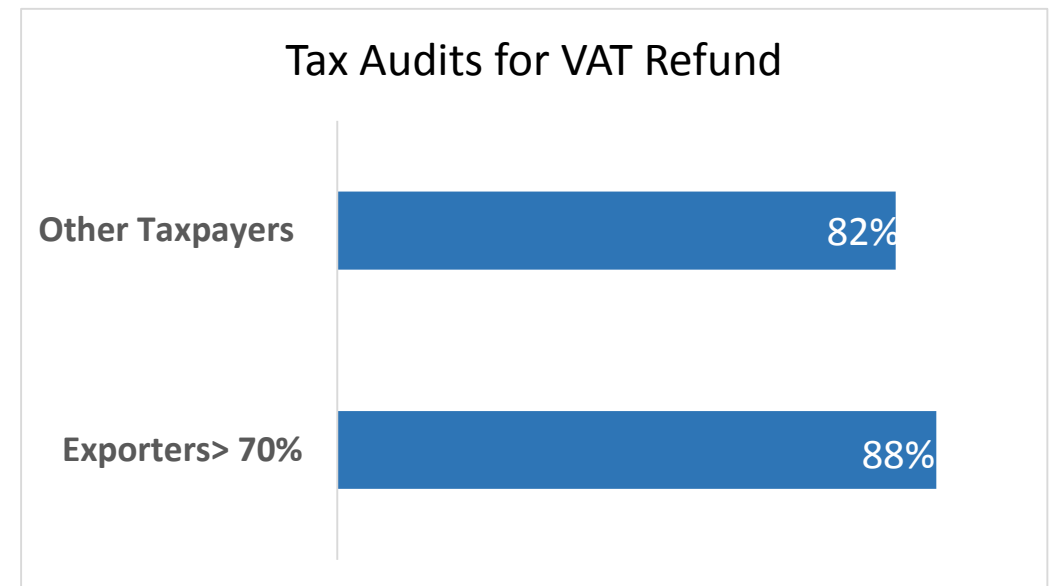
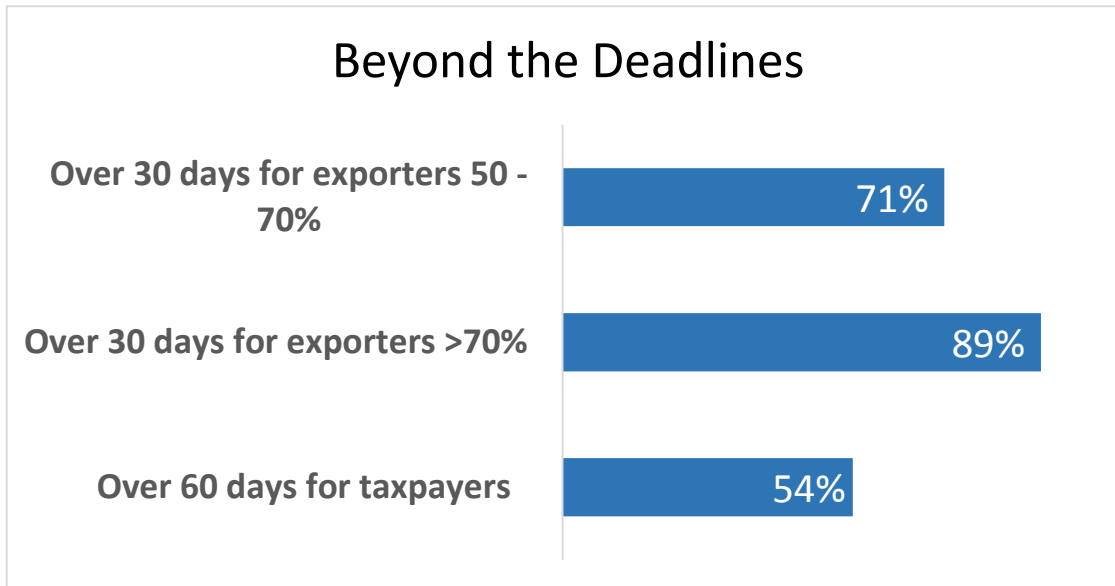
II. FINDINGS, Have you received VAT refund?



II. FINDINGS, VAT Refund occurred:



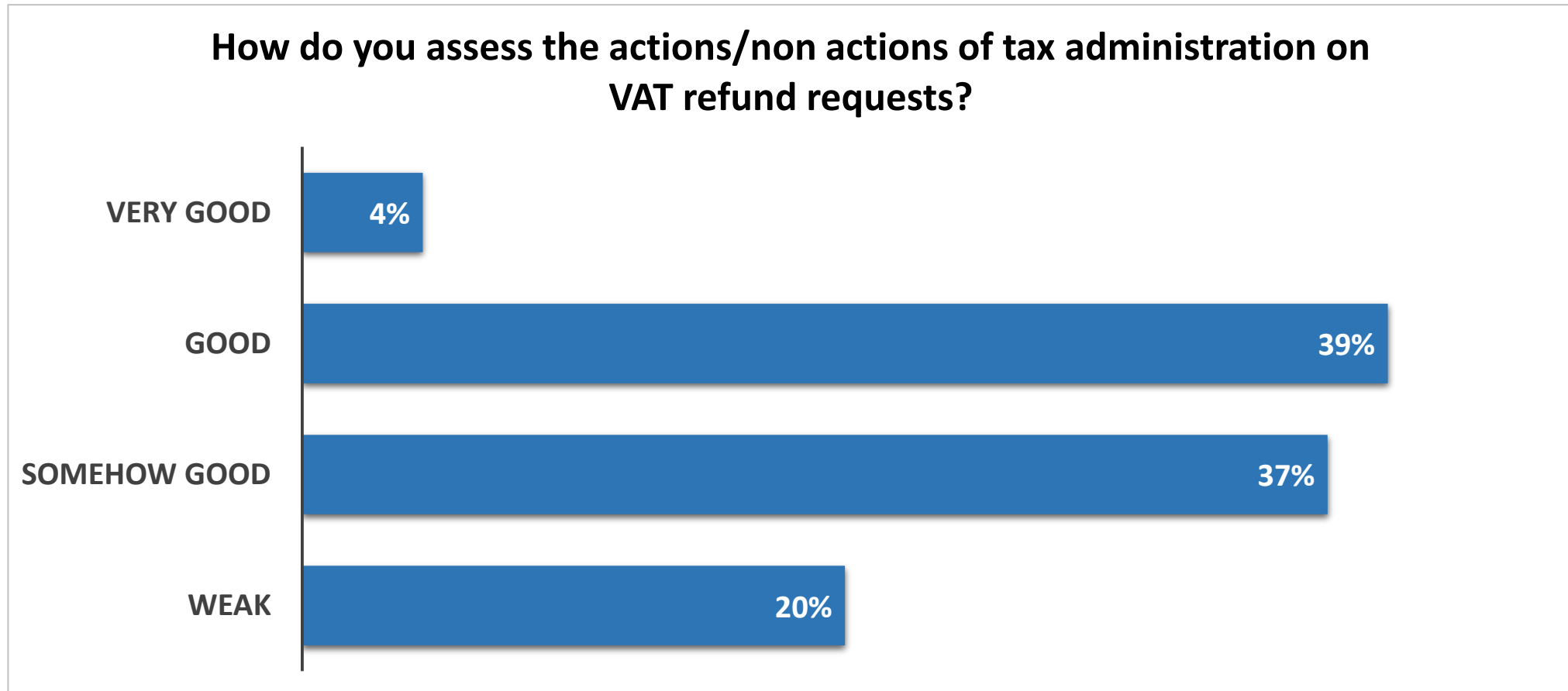
II. FINDINGS, Deadlines and Audit



According to the Survey:

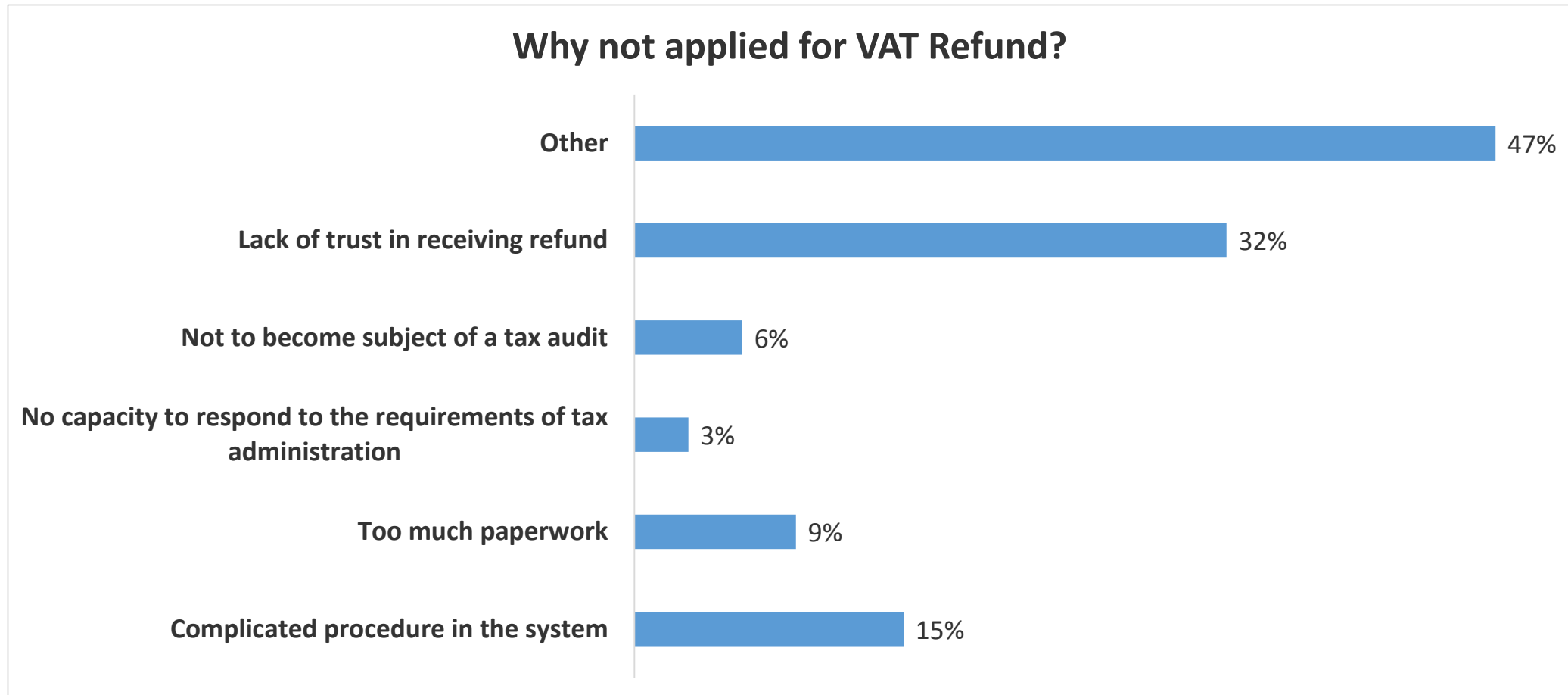
- **Deadlines are not met** in most of the cases of VAT Refunds, especially for exporters.
- Most of taxpayers which have submitted a request **have become subject of a tax audit**, including also exporters over 70% which are subject of automatic refund.

II. FINDINGS, Assessment about Tax Administration



*It is noted a **moderated assessment on the work of the administration** rated as 'good' and 'rather good'. However there is still a relatively high percentage (20%) which consider the activity of the administration as 'weak'.*

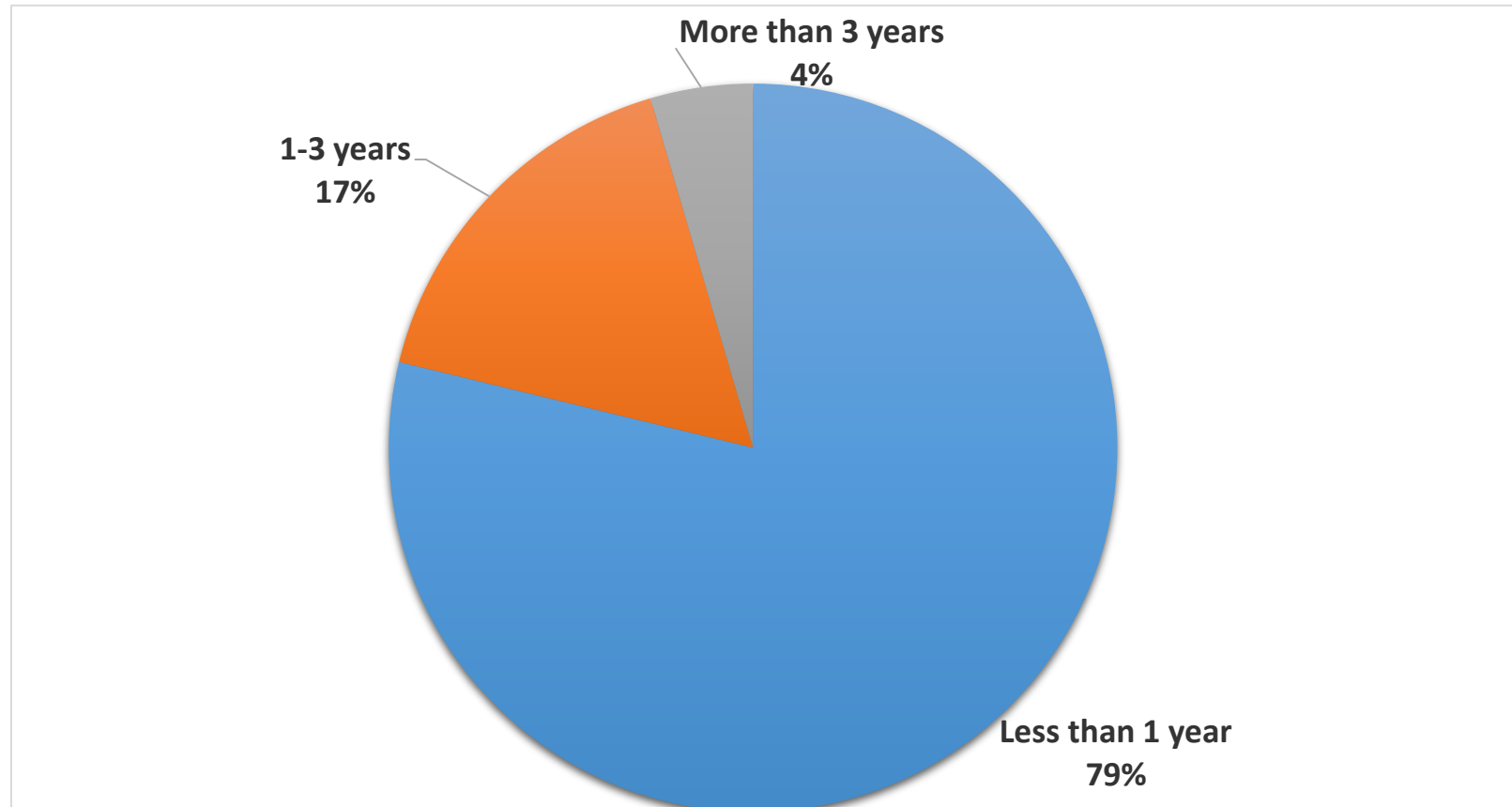
II. FINDINGS, Reasons for not applying



Based on the Survey's results, regarding reasons for not applying for VAT refund, it is noted a lack of trust on the administration in receiving the refund as well as other reasons such as corruptive practices.

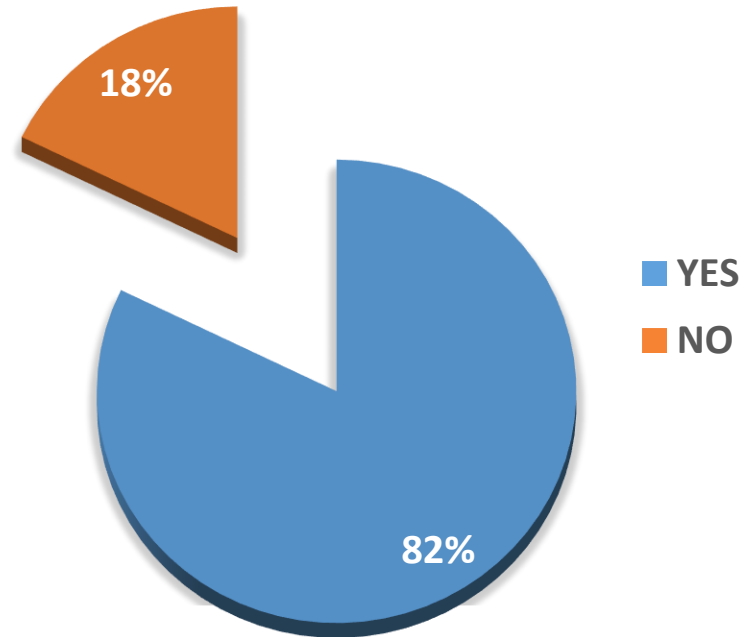
II. FINDINGS, Time duration for VAT recoverable amount to be required for refund

What should be the necessary time duration, for the Recoverable VAT to be required for refund?



II. FINDINGS, Impact on the Investment Climate

Does the VAT Refund Process Impact your Investment Decision?



III. ON INVESTMENT CLIMATE – Most problematic issues

