

ANNEX 3

Albania has adopted a liberal legislation on investments in order to boost foreign direct investments (FDI). A summary of main laws on investments, along concrete incentives foreseen for investors is found below.

LEGAL FRAMEWORK ON INVESTMENTS IN ALBANIA		
LAW	CONTEXT	INCENTIVES/ADVANTAGES
<p>LAW NO. 7764 DATED 02.11.1993 “ON FOREIGN INVESTMENTS”</p>	<ul style="list-style-type: none"> • The law provides guarantees for all foreigners (natural or legal persons) who are willing to invest in Albania. The law allows 100% company ownership by foreigners. It guarantees specific protection for foreign investors. • FDIs are allowed and treated equally with domestic investments. Foreign investors are also allowed to purchase private residential properties. Foreign investors cannot purchase agricultural land, which can only be leased for up to 99 years, whereas other properties of commercial purpose can be purchased only if the investment has a value three times higher than the price of the land. 	<ol style="list-style-type: none"> 1. No prior authorization is needed for foreign investments. No sector restrictions apply; 2. There is no limit on the quota/share of foreign investors in a company (100% foreign ownership is possible); 3. Foreign investments may not be expropriated or nationalised directly or indirectly, with exception on special cases when this is in the interest of the public and in accordance with the law; 4. In principle, foreign investors have the right to transfer abroad all assets and contributions in kind; 5. Foreign investors receive equal and unbiased treatment and have full protection in all cases;

		<p>6. In any case, foreign investments will be treated equally to what recognised international practices provide for;</p> <p>7. Special state protection through replacement with full rights of foreign investors in legal and civil conflict with private third parties¹.</p>
<p>LAW NO. 55/2015 “ON STRATEGIC INVESTMENTS”</p>	<p>Strategic investments are foreseen by the law all private, the public or public-private investments in the following sectors:</p> <ul style="list-style-type: none"> • Energy and mining; • Transport, telecommunications, infrastructure and urban waste; • Tourism; • Agriculture and fisheries • TEDA <p>Clear procedures for the investors to facilitate and expedite their administrative procedures. AIDA is the responsible structure for providing administrative services to investors in a “<i>single window</i>”. AIDA performs the role of the supporting agent – ad-</p>	<p>A. Assisted procedure</p> <ul style="list-style-type: none"> • completion of preparatory actions, preparation of documents and administrative application in an expedited procedure by the assisting agent, including necessary accompanying documents, when they are issued by a state administration body, following the request of another state administration body; • priority handling of documentation preparation, provision of opinions or employment of procedures which are included in the area of activity of the state administration bodies, represented in the operational group, for the preparation and implementation of the strategic investment;

¹ The law underwent several amendments in 2010 (Law No. 10316 dated 16.09.2010) which aimed to provide protection to foreign investors in property-related conflicts they could have with third parties. It was foreseen that the state would provide special protection to foreign investors in cases when, due to legal conflicts with private third parties, the implementation of foreign investments or exercise of economic activity was hindered. By providing special protected status, the state was replacing the foreign investor in court proceedings with private third parties. The special state protection, pursuant to these provisions, was provided until 31 December 2014.

	<p>ministrative procedures till the realization of the investment project, through one of the following procedures “<i>assisted procedure</i>” or “<i>special procedure</i>”.</p> <p>One of the main criteria in the selection of the investor/strategic investment is the investment value which based on the strategic sector varies from 1 Million Euro to 50 Million Euro, as well as the new job vacancies proposed to be opened by the investors. Evaluation criteria for the investments are detailed in Article 8 of the Law.</p>	<ul style="list-style-type: none"> • land consolidation; • supporting programs; • support with assistive infrastructure; • provision of access to state-owned immovable property for the purposes of developing and executing strategic investment projects. <p>B. Special procedure</p> <ul style="list-style-type: none"> • expropriation of private immovable assets to enable the development and execution of strategic investment projects; • approval by the Assembly, following assessment made by the Council of Ministers, of the relevant strategic investment contracts, upon the request of the strategic investor, in order to enhance the safety of the regulated judicial relationship between the investor and the Albanian state.
<p>TEDA - LAW NO. 9789 DATED 19.07.2007 “ON THE ESTABLISHMENT AND OPERATION OF TECHNOLOGICAL AND ECONOMIC DEVELOPMENT AREAS” AS AMENDED BY LAW NO. 54/2015.</p>	<p>All previous denominations “economic zones”, “free zones” and “industrial parks” are replaced with TEDA</p>	<p>1. Predictability</p> <ul style="list-style-type: none"> • Government services in a “<i>single window</i>” for TEDA developers and users • Long lease term for TEDA • International arbitration <p>2. Productivity</p>

		<ul style="list-style-type: none"> • Reliable infrastructure established and provided to TEDA • Provision of outward processing regime for TEDA products • Fiscal incentives for R&D and training of the labour force. <p>3. Profitability</p> <ul style="list-style-type: none"> • Customs and VAT exemptions in relation to goods, raw materials and machinery for developers, users and operators of TEDAs. • Fiscal incentives and exemptions from income tax and immovable property tax for buildings to minimize startup costs. • Fiscal incentives for increasing employment. <p>4. Specific incentives which can be divided into fiscal and administrative or procedural incentives as presented in <i>Annex 2 “Incentive Matrix”</i>.</p>
--	--	--

Besides the above special laws that are aimed mainly for the investors, the Government has incorporated sectorial laws, such as the Law “On Tourism”, the Law “On Concessions and Public Private Partnership.” Other important incentives are included in the current legislation, such as exemption from VAT of imported machinery intended for investments in the amount of at least 50 million ALL.