

STATUS OF RECOMMENDATIONS

MEETING OF INVESTMENT COUNCIL

Tirana, 9 May 2017

MONITORED RECOMMENDATIONS

INCENTIVES FOR THE PROMOTION OF INVESTMENTS: ALBANIA VERSUS WESTERN BALKAN COUNTRIES

1. Provision of tangible incentives for investors and businesses

Legal provisions to create effective opportunities to new municipalities, to design plans and develop their economic zones depending on the assets and resources available by legislation for TEDAs.

2. Creation of qualified and certified working force for specific technological processes

FOR FORMALISATION IN AGRICULTURE: WELL-FUNCTIONING OF THE VAT COMPENSATION SCHEME AND INVESTMENT PROMOTION

1. Establishment of a working group for a deep study and analysis on the formalisation problem in the agriculture sector.

2. Clarify on the decision-making and Formalisation Action

- Registration of farmers
- E-permits

3. Improvement of regulatory and administrative capacities

- Land registration

INCENTIVES FOR THE PROMOTION OF INVESTMENTS: ALBANIA VERSUS WESTERN BALKAN COUNTRIES

1. INCENTIVES FOR INVESTORS AND BUSINESSES

In the process of discussion:

- # Decree by CoM No. 646, dated 22.07.2015, “On determining the procedures and criteria for the selection of developer in the technology zone” – where it is suggested to give the right of a developer also to the **Municipalities**.
- # Decree by CoM No. 54, dated 05.02.2014, “On determining the criteria of the procedure and method of giving for rent, emphyteusis or other contract of state property”- contracts with the symbolic fee of EUR 1 to support investment in the production sectors, IRP etc.
- Amendments to the Strategic Investment Law – discussion on the opportunities for extending the fiscal facilities up to 10 year, from 5 as currently provided.
- Draft report with GIZ regarding the incentives map in the Balkans and Albania (**AIDA**)
- 5 Funds in support of the business - Decree by CoM 03.05.2017 – Created also the fund in support of the touristic entrepreneurships (**AIDA**).

INCENTIVES FOR THE PROMOTION OF INVESTMENTS: ALBANIA VERSUS WESTERN BALKAN COUNTRIES

2. CREATION OF QUALIFIED WORKING FORCE

- ✓ Increase the number of employment programmes and funds allocated to these employment programmes (**MMRS**):
 - 2013- 90 Million Lek
 - 2014- 270 Million Lek
 - 2015- 450 Million Lek
 - 2016- 490 Million Lek

- ✓ Initiatives for the “consolidation” of the collaboration University-Business-Government to promote internships, **certified trainings with the object of recruitment by companies** e.g. in the Innovation BPO Sector (Local Web) etc.

PROGRESS

FOR FORMALISATION IN THE AGRICULTURE: THE WELL-FUNCTIONING OF THE VAT COMPENSATION SCHEME AND INVESTMENT PROMOTION

1. **Registration of farms and farmers. To be finalised as soon as possible with the support of EUROSTAT, process initiated for ensuring correctness of statistics/data for the agriculture sector.**
 - ✓ **INSTAT prepared in December 2016 the methodology of the Survey “Calibration of 2016 Agriculture Census”. It has been worked on the processing and elaboration of data. INSTAT has provided support to MARDWA for the methodology related to the annual reporting for 2016. INSTAT foresees that by December 2017 will be made available the statistical register of farms as well as the Census data (INSTAT)**

2. **Simplification of procedures and online verification of data on farmers by governmental agencies**
 - ✓ **MARDWA has become part of the electronic system (e-permits) in the framework of verification and approval of development/construction permits in the territory of Republic of Albania. Part of this system are also various state institutions, which provide opinions/confirmation on proposed project, according to their sphere of activity and special legislation, implementing one stop shop, to help citizens and businesses. Each document that previously was dealt by the citizen, today is being administered through the *on line system* by the municipality (Ministry of Rural Development).**

FOR FORMALISATION IN THE AGRICULTURE: THE WELL-FUNCTIONING OF THE VAT COMPENSATION SCHEME AND INVESTMENT PROMOTION

3. Active role and collaboration of responsible stakeholders to **accelerate land registration** process

- ✓ **The process of initial registration of real estates** has ended in 2967 Cadastral Zones (CZ) of which 2587 are rural and 110 CZ are urban. The total number of assets registered is 3,319,000 assets out of about 4 million that is total. 340 CZ (400 thousand assets) have not yet entered the registration process. Priorities have been set regarding the registration of cadastral zones. Specifically, within 2017, the census will be completed in 22 high-rise buildings (150,000 estates). For the period 2017-2019 will be progresses with the registration of the remaining 325 CZ (**IPRO /Municipality**).

OTHER RECOMMENDATIONS

MEMORANDUMS OF COOPERATION OF IC

- ✓ EPOKA University, UET University; ongoing discussions with other Universities

PUBLIC CONSULTATION

- ✓ Publications and special sections on public consultation
Consultation of the National Strategy for Integration and Development 2015-2020 (MINISTRY OF FINANCE)

ESTABLISHMENT OF TOURISM INVESTMENT AREAS WITH ECONOMIC AND URBAN PLANS

- ✓ Investments in tourism – strategic projects
- ✓ Reduced VAT to 6% for accomodating structures

OTHER RECOMMENDATIONS

TAX INSPECTION

- ✓ Implementation of the new GTD website. English version added.
- ✓ Info desk of GTD for new businesses in NBC
- ✓ Application of on-line registration of businesses in NBC

VAT REIMBURSEMENT *(The updated status- consolidated according to the deadline of recommendation for June 2017)*

- ✓ The deadline for automatic reimbursement within 30 days (above 70% exporter) has been respected. For the rest, it is implemented the procedure of preliminary audit based on the risk system.
- ✓ An annual training programme for Tax Administration is approved and under implementation. Special sessions for VAT are planned where is included the VAT reimbursement procedures.
- ✓ VAT Refund Instruction is updated and depends on the electronic tax system – (recommended the publication in the GTD website)

RISK ANALYSES *(The updated status- consolidated according to the deadline of recommendation for June 2017)*

- ✓ Risk analysis is functioning. About 70% of detailed audits are selected through risk analysis system. Programmed sectorial plans for: Health, wholesalers trade, etc.
- ✓ It is ongoing the recommendation to avoid through audits on businesses audited a year ago.

RECOMMENDATIONS NOT ACCOMPLISHED

- Establishment of working group to undertake a deep analyses on the formalisation in the agricultural sector.
- **Simplification of VAT compensation scheme** (ammend the MoF Instruction No.19, dated 03.11.2017):
 - Electronic verification of farmer status from Regional Tax Directorate;
 - Agreement among parties (buyers of agricultural products and farmers) to be printed during the transaction.
- For newly recruited employees in labour-intensive sectors such as BPOs (companies providing outsourcing services such as call centres) **social and healthcare contribution for the first month (training period) for be covered by the state and not by the entrepreneur.**

Important IC Figures, 2015 –April 2017



9 IC Meetings

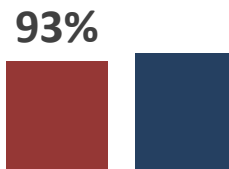


5 Focus Group Meetings

7 Technical Notes

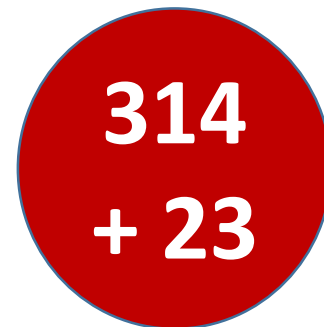
CONSULTED - 45 (Laws + Codes),
6 National Strategies, 58 By-laws
IC recommendations tackles: - 7 Laws,
10 By-laws

Participation Level in IC Meetings



4 Surveys on:

- Tax Inspection
- Informality in Economy
- VAT Refund
- Labour Market Skills in the BPO Sector

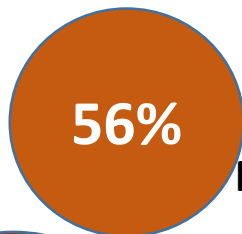


Surveys' Respondents

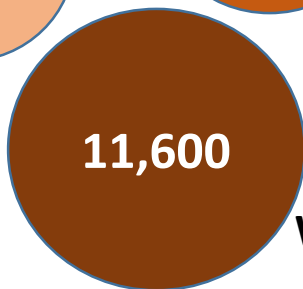
Website Audience



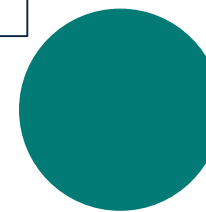
Returning Visitors



New Visitors



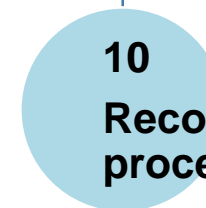
Website visits



72 + 17 (May 2017)
Recommendations Approved



19
Recommendations Accomplished



10
Recommendations in process of evaluation