



LEGAL AND INSTITUTIONAL FRAMEWORK ON TOURISM

Investment Council on October 15th, discussed On the Formalization and Competitiveness of the Tourism Sector. The purpose of the analysis was to identify the fiscal, legal and regulatory measures needed to address high informality in the sector and their alignment with the overall policy framework and strategies for tourism development.

*Elvis Zerva
Legal Expert*

Investment Council Secretariat

November 2018



I. INTRODUCTION

Identification of the fiscal, legal and regulatory measures needed to address high informality in the sector and their alignment with the overall policy framework and strategies for tourism development were subject of [Meeting No. 14](#) of the Investment Council (IC).

Discussions and analysis were focused on the impact of informal activities and fiscal evasion on sector competitiveness.

Some of the main findings of the IC Secretariat analysis were:

- *Informality remains a systemic problem of the sector with peculiarities as per tourist destinations and business models;*
- *% of foreign investments in the sector is low;*
- *Regulatory reforms have improved the investment climate in the sector – particularly positively assessed business registration, licensing and relationship with the tax authorities;*
- *Unfair competition, lack of quality in human resources to cope with the increasing number of visitors, impediments to access to finance, the need for more investments in the public infrastructure etc.*

The discussion topic was coherent immediately in the context of closure of the tourism season in the country and the need to have a summary of positive and negative aspects that characterize the sector. Also, discussions about the development of the sector comes at a time when the tourism sector is now considered as strategic and when a number of legal and fiscal measures are taken to significantly increase the contribution of this sector to the national economy.

Regarding to the above the IC Secretariat prepared for the IC members a detailed paper on the formalization and competitiveness of the tourism sector- [Technical Note](#).

In order to assist all interested parties, this paper underlines a summary of the legal framework in the field of tourism, relevant institutions and their competences, as well as the concrete incentives applicable to entrepreneurship in the field of tourism.

II. CURRENT LEGAL AND INSTITUTIONAL FRAMEWORK IN TOURISM

Tourism industry has increased its contribution to the country's economy both in monetary and employment terms, becoming thus a strategic sector for Albania. In line with this trend there has been an increased focus from the government, donors, financial institutions and private companies in the sector. As of 2015 there has been an increased dynamic in preparing the necessary legal and regulatory framework which is the prerequisite of any investment and sustainable development. The political commitment for stronger support to the tourism started to materialize through sectoral law and law on strategic investments both approved in 2015, which aimed to bring the sector under the focus of new splash of investments. Additionally, by-laws, CoM decrees, regulations, incentives have been approved from time to time in order to fill the framework and to address the different segments of the tourism chain aiming to bring the sector development and its contribution closer to its potential.

A. LAWS AND BY-LAWS

a) *Law No.93/2015 “On Tourism”*

This Law substitutes Law No.9734, date 14.05.2007 intended to address several issues raised by the business community and by the experts of tourism sector. Some of these issues have been addressed, some others have not (for example: categorization of apartments/villas as accommodation structures). However the law brought some novelties while comparing it with the previous law no.9734.

¹ *Subject of amendment only once with Law No.114/2017.*

Novelties of the law:

1. *Definitions of the law.* Law no.9734 despites the efforts to provide some definitions in the field of tourism, was deficient in its content while some more important definitions were missing. *Current Law 93/2015 provides a set of systemized definitions which makes clarity on the concept, processes and institutions dealing with tourism sector.*
2. *The role and functions of institutions.* Law 93/2015 creates a clear picture of the institutions dealing with the tourism sector both in national and local level by eliminating the overlap of competences among them and the uncertainty it cascaded to the users of the law, mainly to the foreign investors.
3. *Certification and licensing of operators in the field of tourism.* Previous law did not foresee for licensing of the operators offering touristic activities, which brought poor services to the consumers and at the same time has significantly influenced informality. *Although law 93/2015 has addressed the licensing process of the tour-operators and tourism agencies, there are still concerns in the market from several operators, for high level of informality and which does not provide the required security of services for the tourists.*
4. *Categorization and Classification of accommodation structures.* Law 93/2015 envisaged the categorization and classification process of the tourism accommodation structures which was missing in the previous law. *However, this process has stuck although the necessary by-laws have been accordingly approved² timely. The lack of this process has brought a chaos situation in the market especially for hotels. Several accommodation structures use distinctive signs (stars) of the classification which do not conform to the real standards of the structure or the level of the service they provide. However, it seems that while Law 93/2015 included “guest-houses” in the main concepts of the Law, failed to include the apartments/villas as part of the “accommodation structures”.* Other countries for example Greece have already included self-catered accommodation- touristic furnished mansions and Self-catered accommodation- touristic furnished residences under the category of Secondary Touristic

² CoM Decree 710 No.710 date 12.10.2016 “Approval of the Regulation on Conditions and Criteria for Exercising of the Tour-Operator Activity”; CoM No.711 date 12.10.2016 “Approval of the Regulation on Conditions and Criteria for Designing and Building Accommodating Structure”; CoM No.730 date 20.10.2016 “Approval of the Regulation on the Conditions, Criteria, Tariffs, Terms and Procedure for Classification of Accommodation Structures”.

Accommodation as per the provisions of the law no.4276/2014, the main law for tourism.

5. *Certification of the touristic guides.* Law 93/2015 provides for the certification of the tourist guides and the respective procedures to be followed aiming to standardize such type of activities.
6. *Clear obligations for institutions.* Additionally, law 93/2015 sets obligations for main institutions such as MoTE in preparing the following documents: a) National Plan on Tourism (NTP); b) Strategy of Tourism and Action Plan (Tourism Strategy), c) Central Tourism Register; d) National Register of Touristic Sources as well e) National Sites with Priority in Developing Tourism.

What has been done and what is expected:

While consulting public sources of information, as well as business and actors met during regional focus groups and meeting with MoTE it results the following:

1. NTC has already approved the National Inter-sectorial Coast Plan.
2. Strategy of Tourism and its Action Plan although have been subject of consultation roundtables since months, has not yet been officially approved by the GoA, while its official draft is published in the website of MoTE.
3. Central Nation Register which should contain the consolidated list of the tourism entrepreneurs it is not yet published. From the consultation with the municipalities, the Register is furnished with data from Municipalities which do refer only to the registered entrepreneurs in NBC, rather than the entrepreneurs which do by matter of fact exercise economic activity.
4. National Register of Tourism Sources has been prepared and published³.

b) Law 114/2017, “On Some Amendments to the Law No.93/2015 “On Tourism”

³ <http://www.mjedisi.gov.al/burimet-turistike/>

Through law 114/2017 the CoM made some new provisions on the main law 93/2015 that incite investments of 4 and 5 star hotels and resorts in the areas of priority for tourism development⁴ and their managing through franchising contracts or similar to franchising. According to this law, CoM shall provide investors with the special status for investments in accommodation structures, which fulfil the following conditions:

- a) Invest in a 4 and 5 star accommodation structures certified as such by Committee on Standardization of Tourist Activities in MoTE;
- b) Investment reaches at least 8 Mln Euro for the construction of the 4 star accommodation structure and at least 15 Mln Euro for the construction of 5 star accommodation structure.

Further details on the process are being provided by the CoM decree no. 257, date 9.5.2018 *“On the Approval of the Criteria, Procedures and Documents Required for Entity That Apply for “Investor in 4* And 5* Accommodation Structure, Special Status”*.

b) Law 55/2015, “On Strategic Investments”

In an effort to foster investments in strategic sectors, was adopted law 55/2015. The law identifies the country's strategic sectors (*Article 8*)⁵ and provisions detailed and special administrative favourable procedures, facilitating or accelerating support and services to domestic and foreign investors (*Article 21 and Article 22*).

The administrative procedures provisioned in this law related to the preparation, implementation, development and realization of a strategic investment project as well as to the issuance of licenses/permits/authorizations and opinions pursuant to this law are of the highest priority and are followed by an accelerated procedure by all the public institutions/entities/public authorities, directly or indirectly involved in these procedures. Under the Law, *the Albanian Investment Development Agency (AIDA)* is the **Secretariat of the Strategic Investment Committee (SIC)** which approves the status of every strategic

⁴ NTC with the Decision No.1 date 26.07.2018 approved the list of the areas with priority for tourism development.

⁵ Energy, agriculture, tourism, oil and extraction of natural resources are strategic sectors. These sectors offer the opportunity to earn long-term revenues from investing in a quickly growing economy and with low cost, with unused natural resources and a flexible working force.

investor and at the same time serves as *a unique window* for foreign investors in relation to Albanian institutions.

As of October 2018, in total, SIC has approved 9 strategic investment projects, out of which 6 have earned the status of strategic investor/assisted procedures and 3 the status of strategic investor/special procedures. Four projects are approved in tourism sector where 2 projects earned the assisted status and 2 projects earned the special. Since beginning of 2016 and until today, AIDA has assisted 30 investment projects (10 projects in tourism sector), out of which 17 have gone through all the processes of strategic investments and have been addressed for decision-making in the SIC. In consultation/assistance phase are 8 other projects for preparation of documents and 5 projects are still in the phase of expression of interest (7 of these projects are in tourism sector). So far, we couldn't find any assessment document related to the impact of the approval of the above legal framework.

B. STRATEGIES AND INSTITUTIONS

- *Draft-Strategy on Tourism*

Strategic goals relates to five key areas and 19 strategic directions aiming to improving competitiveness and achieving strategic objectives. Main areas where tourism policies should focus on by 2022 are the following:

1. Product development (diversification of tourist offer);
2. Development of human resources (improvement of the quality of services);
3. Marketing (promotion of Albania as a destination for all-year tourism);
4. Private and public investments;
5. Policy framework and destination management.

As identified by the draft-strategy, informality as related to the tourism activity remains an important impediment in developing of the sector. This seems to be considered as crucial point since under the Strategy it is provided as a goal: registration of the 80% of

the share tourism economy (familiar rooms, apartments and villas for tourism activity) until year 2022.

Although, the strategy identifies the informality as a threat for tourism sector in general, it does not underlines any concrete action/measure to shape this threat as an opportunity for the micro and small enterprises nor does it foresees any joint efforts with the fiscal policies to address such issue.

Tourism is promoted as a strategic sector also in other strategies-at least in 8 of them as below listed:

1. National Strategy for Development and Integration 2015-2020 (NSDI)

This document presents the main challenges faced by the sector, including implementation of standards, quality of tourism services and facilities, development of tourism products, lack of collaboration and effective coordination among stake-holders that are or might become integral part of tourism sector. Some specific challenges are: (1) need for a greater integration in the planning of tourism and tourism destinations; (2) address weaknesses related to the range and quality of tourism products; (3) development of a favourable legal and institutional environment for the absorption of local and foreign private investors; (4) need for a more all-inclusive and strategic approach in regards to the development of tourism in Albania, to ensure sustainability and to generate revenues and employment opportunities; and (5) need for approval and implementation of “National Inter-Sectoral Tourism Strategy.

Two strategic objectives for tourism are foreseen in this strategy:

- Developing sustainable tourism in the country to contribute in the economic development and employment, by increasing the staying period of foreign tourists and modest increase in the inflow of emigrants and ethnic Albanians; increase direct contribution of tourism in the GDP; and increase direct contribution of tourism in employment;

- Setting up an integrated tourism model of cultural, natural and coastal dimensions through the development of a “Branding Albania” Strategy with a logo and unified motto for investments in tourism; approval and implementation of the “National Strategy for Tourism Development”; implementation and execution of a national plan for the development of tourism, integrated with the National General Territory Plan; and creating new cultural, natural and coastal tourism products.

2. National General Plan 2015-2030 (NGP)

The National General Plan defines the main directions of tourism development based on the potentials of the territory. Map of Tourist Potential in this Plan illustrates areas which are classified as Areas of National Importance for the values they carry in the planning and sustainable development of the territory. A considerable number of these areas is regulated by sectoral legislation in force, e.g. protected natural areas; water resources and their protection levels; mineral areas; industrial areas; historical and cultural heritage areas; cultural monuments; archaeological areas and parks; historical centres; coast area, etc.

3. Integrated Inter-Sectoral Plan for Coast Area (IIPS)

From the analyses and studies carries out till to date and based on the national development strategies, but also international ones for the future of Mediterranean region, developed for tourism sector and maritime economy, IIPS Coastline considers that the tendency for tourism development in Albania should be focused on these types of tourism: coastal tourism, cultural tourism, natural tourism/eco-tourism, rural tourism, agro-tourism, mountain tourism, adventure tourism (sports) and tourism of health and well-being.

4. Inter-Sectoral Strategy “Albania’s Digital Agenda 2015-2020”

The document aims to increase the efficiency of the manufacturing sector, agriculture, tourism and industry through ICT systems. One of the strategic objectives of the document foresees improvement of ICT infrastructure in the public administration for

aligned and integrated developments as per international standards on e-governance in all the sectors (health, education, environment, agriculture, tourism, culture, energy, transport, etc.) with the aim of inter-connecting at 100% all the systems by the end of 2020.

5. Inter-Sectoral Strategy for Rural and Agricultural Development 2014-2020

The documents specifies the grounds for an integrated planning and aims the development of rural tourism and other activities related to tourism, such as cultural tourism, natural and mountain tourism, wine tourism etc., by reconstructing traditional buildings and houses for business purposes, such as accommodation, food, leisure, trade etc. According to this strategy, achieving the above goals will be made possible by promoting and marketing country's tourism image as tourist destination of particular interest; diversifying the tourism products by expanding them throughout the country to ensure integrated tourism development; development of certification and standardization systems in tourism to contribute in the quality improvement of services and products in the sector.

6. Transport Strategy

It foresees that until 2030, 30% of road transport, with a distance of over 300 km, should be shifted to other transport ways such as rail or water transport and more than 50% until 2050. Until 2050, it is aimed that the majority of passenger transport for medium distances is done by rail. From the environmental point of view, EU transport policy is focused on the development of an environmentally-friendly integrated multimodal transport system. The strategy is accompanied by an action plan, based on the pillars: Blue Growth, Regional Connectivity (transport and energy network), Environmental Quality and Sustainable Tourism. An integrated combined tourism model of coastal (beaches and sun), cultural (archaeology, heritage) and natural (eco-tourism) dimensions is supported mainly on an efficient network of roads that can connect every corner of the country.

Some destinations are of particular importance and need good quality road connections: coastal destinations, world heritage sites and eco-tourism.

7. Business and Investment Development Strategy 2014-2020

Increase of foreign investments is a key objective for the economic development of the country and a strategic priority of the government. Foreign investments are important in many directions while the performance of investments affects the country's economic and social progress. FDI's bring the necessary capital, increase the productivity of economy and among others knowledge and technology spill over, influence the opening of new markets for trade, enhance the competitiveness of the economy, influence in reducing the deficit of current accounts, increase employment and above all affect the wellbeing of the population. The strategy notes that a PPP based on a concession contract has proven to be as a successful mechanism for attracting foreign investments particularly in the mining and energy sectors, and foresees that this policy will be extended to other sectors as well as efforts will be made to promote best CSR practices, in the extractive industries (oil, mining, cement and electricity), to create a friendly and manageable environment accepted by the local community.

8. Strategy for Management of Integrated Borders

Policy objectives defined by this strategy are: strengthening of measures to combat cross-border crime and illegal trafficking in order to increase standards of border security in the parameters of EU countries, increase of standards for the controlling and supervision of borders through the application of best practices for its integrated management, creation of a legal framework suitable to and aligned with EU standards and Schengen Regulation, setting up a system of preventive measures for illegal migration, based on the legal framework and best practices of EU countries, alignment to EU standards on the movement of goods, vehicles and passengers at the border, guaranteeing ease of legitimate trade and safe borders and full alignment of electronic system for the issuing of visas, e-visa with Schengen Regulation standards.

- *Institutional Coordination – in support to the Tourism Development*

As previously mentioned, current legislation provides a clear architecture of the institutions responsible for development of the tourism both in national and local level. While competences and scope of activities seemed to be well envisaged, **we evidenced that more should be done as relates to the coordination between central agencies and Municipalities in addressing issues in tourism.** This could be also linked with the scarce and limited local sources. Also, some institutions/instruments do not carry out the competences for which they have been created by the law (for example from the contacts Secretariat had with businesses and associations in tourism sector during the preparatory phase of this Technical Note, it was mentioned that Private Sector Advisory Committee for Tourism (KKSPT) is not yet set up and no consultative meeting during the last year is organised while the Commission for Standardization of Tourism Activities has not yet started the classification and categorization procedure of the accommodation structures).

Below it is provided a complete overview of tourism-related institutions according to the law's provisions and their respective competences.

1. *Ministry of Tourism*

- implements the basic principles of sustainable tourism development, in accordance with the provisions of this law and the legal and sub legal acts in force, in cooperation with all stakeholders of the tourism industry;
- drafts and submits for approval to the National Territorial Council, *the National Tourism Plan* and is responsible for its implementation;
- drafts and submits for approval to the Council of Ministers, *the Tourism Development Strategy and the Action Plan*;
- establishes and administers the *Central Tourism Register* and *the National Register of Tourist Resources*;
- financially supports projects that help develop the tourism field;

- Supports, protects and develops tourist resources and promotes tourism products in accordance with the principles of sustainable tourism development and in cooperation with interest groups;
- Take measures for the welfare, protection and promotion of employment in the tourism industry, giving priority to employment of young people;
- promotes, supports and cooperates with public and private institutions in the collection, processing and administration of data in the field of tourism;
- drafts and implements policies for *certification and classification systems* in accordance with the provisions of this law;
- proposes to the National Council of Territory the adoption of the priority areas for the development of tourism, according to the provisions of the legislation in force;
- Develop policies for tourism product and marketing in the field of tourism, based on the *Tourism Development Strategy and the National Marketing Strategy for the Tourism Sector*;
- Supports, encourages and empowers tourist enterprises, which conduct tourism activities as accommodation facilities, with regard to the efficient use of natural resources and the "*Eco-Certificate*" certification.

2. The territorial units of tourism

These are created as an administrative structure of the ministry responsible for tourism. The manner of organization and functioning of the territorial branch of the tourism service is approved by the order of the minister responsible for tourism. The territorial division of the tourism service performs these functions:

- coordinates field work for the implementation of tourism product development policies and tourism destination management;
- advising tourist enterprises to meet the standards and increase the quality of services and tourism products offered;

- Encourages and empowers tourist enterprises and host communities for on-going education;
- Provide information on tourism enterprises regarding the legal framework and standards in the field of tourism, and disseminates classification / certification manuals for tourist undertakings;
- Advise interested parties for the establishment of tourist enterprises;
- record any requests and complaints submitted by tourists, their representatives and consumer associations and convey them to the inspectorate covering the field of tourism;
- cooperate with local authorities and interest groups to provide information in the field of tourism, according to the requirements and tasks given by the structures responsible for tourism;
- collects data and compiles periodic reports, in cooperation with the local government unit tourism officials, who presents it to the responsible structure in the ministry responsible for tourism.

3. Private Sector Advisory Committee for Tourism

Private Sector Advisory Committee for Tourism (KKSPT) is established as an advisory body for the tourism sector. The manner of organizing and operating the KKSPT is defined in the regulation approved by the minister responsible for tourism. The KKSPT is chaired by the Minister responsible for tourism and includes representatives from national associations of enterprises operating in or related to tourism, representatives from higher education institutions, chambers of commerce, representatives of associations or NGOs operating in the field of tourism, as well as representatives of inter-national institutions/donors. KKSPT performs the following functions:

- Advise the minister responsible for tourism for the development of the Tourism Development Strategy prior to its approval by the Council of Ministers;

- treats and examines issues related to private sector tourism activity or that may arise during the exercise of this activity;
- Ensures cooperation between the private sector and the ministry responsible for tourism on issues that may arise during tourism development, the implementation of the Tourism Development Strategy and the Action Plan;
- gives opinions on the planning of priority areas for tourism development;
- gives opinions when considering legal acts related to tourism;
- Provides information on the performance of the private tourism sector and suggests to the ministry responsible for tourism taking measures on tourism-related issues.

4. National Tourism Agency (NTA)

National Tourism Agency is a public legal entity, under the minister responsible for tourism, which aims to promote Albanian tourism, both inside and outside the country.

NTA performs the following tasks:

- Implement marketing policies in the field of tourism, promoting Albanian tourism at the national and international level, to create Albania's image as a tourist destination in the international market.
- Provide information for visitors, travellers and tourists, for tourist services offered, for tourist products and destinations, for activities and other useful information.
- Promote the product and tourist destinations in the country and abroad, cooperating with the regional tourism offices, local government and other organizations operating in the field of tourism.
- Promote investments in priority tourism development areas, cooperating with other public investment promotion institutions in the country.
- Initiates and promotes tourism projects, according to their field of activity, taking the prior approval of the ministry responsible for tourism.

- Proposes and designs materials of a promotional character, in line with the tourist market trends, and realizes their production.
- Implement the national tourism development strategy and national marketing strategy for the tourism sector.

5. National Coastal Agency (NCA)

The National Coast Agency is a public legal entity under the responsibility of the minister responsible for tourism, which aims to protect and track the development of the Albanian coastal area. Competencies, manner of organizing and functioning of AKB are approved by a decision of the Council of Ministers, upon the proposal of the minister responsible for tourism.

NCA performs the following tasks:

- Conservation and sustainable development of the coastal zone;
- Implementation of policies and strategies for integrated coastal zone management;
- Co-ordination of programs related to the coastal zone;
- Promoting investments in the coastal zone;
- Contributing to public information, consultation and access in drafting and implementing policies and strategies related to integrated coastal zone management;
- Taking part in drafting national policies and strategies for integrated coastal management and co-ordination of work for their implementation;
- Proposing changes and improving the legal and sub-legal framework for integrated coastal zone management;
- Cooperation with relevant bodies on coastal protection and development projects and activities and monitoring their implementation;
- Encouraging and co-operating with organizations, institutions, investors and other international or local actors and inviting them to participate and involve in

projects and developments relevant to the integrated management of the coastal zone;

- Monitoring the strict implementation of territorial planning instruments, approved by central and local authorities in the coastal zone;
- Drafting a regulation on the discipline of the development of tourist activities, which take place in the coastal area. This regulation is approved by the minister responsible for tourism;

6. *National Tourism Inspectorate (NTI)*

National Tourism Inspectorate performs the following tasks:

- controls the implementation of the criteria and conditions of the subjects that exercise tourism activities, in accordance with the provisions of this law, bylaws in its implementation and other legal acts in force;
- controls and inspects the premises where the tourist activity is carried out;
- cooperate and provide information to other state bodies, in the cases that are in their competence, regarding the tourist activity;
- controls and takes measures for violations found by subjects that exercise tourist activity, in accordance with the provisions of this law;
- collects and administers the complete relevant documentation, including electronic documents, which relate to the object of control;
- exercises control in the premises and in the documentation of tourist entities, which have the obligation to allow and make available to the Inspectorate the information and documentation necessary for inspection;
- imposes fines and other administrative measures against natural or legal persons when noticing the provisions of this law.

7. *Commission for Standardization of Tourism Activities*

For the certification of tourist activities, the commission for the standardization of tourism activities is set up for the issuance and revocation

of the respective certificates, at the ministry responsible for tourism. The manner of organization, functioning and composition of the standardization commission for tourism activities is determined by approved regulations by order of the minister responsible for tourism. The standardization commission for tourism activities is established by order of the minister responsible for tourism and consists of 5 members.

8. *Municipalities*

Municipalities perform the following tasks:

- create inventory of the main tourism resources of the local government unit and inventory of tourist enterprises at the local level;
- to periodically update, every 6 months, inventory of tourist resources, to the minister responsible for tourism in order to establish a database at national level;
- Provide support infrastructure for tourism business activities at the local level, enabling standards to be respected by tourism ventures;
- To contribute to the development of different types of tourism at the local level, such as cultural tourism, agro tourism, etc., based on tourism resources, playing an active role in diversifying the tourism product, in cooperation with all central and local institutions, such as and interest groups;
- provide information, as part of the tourism statistics system, to the minister responsible for tourism;
- cooperate to take measures to provide primary healthcare services for visitors/ tourists within the jurisdiction of the local government unit, applying the standards set by the ministry responsible for tourism and health;
- Take measures to create and maintain a healthy environment within the jurisdiction of their territory, in accordance with the norms and in the implementation of hygiene and sanitary regulations.

C. INCENTIVISING POLICIES FOR TOURISM SECTOR

In this section it is provided an updated information of the incentives for tourism sector as provided under current primary or secondary legislation.

a) *Administrative incentives⁶ to reduce administrative burden*

1. **“Assisted procedure”** is the administrative procedure provided for in the law no.55/2015 under which the public administration follows, coordinates, assists, supervises and, if appropriate, represents a strategic investment during its implementation phases. The specific procedures facilitated to the investor are the following:

- 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. land consolidation;
 2. supporting programs;
 3. support with assistive infrastructure;
 4. provision of access to state-owned immovable property for the purposes of de-veloping and executing strategic investment projects.

Eligibility: In order for an investor in tourism sector to benefit from the *assisted procedure* and to be considered as a strategic investor, the investment should be focused on accommodation structures, it should be equal to or above 5,000,000 (five million) Euro, and at the same time to create, at a minimum 80 new jobs.

⁶ *Administrative incentives are mainly provided as per the provisions of the Law 55/2015 “On Strategic Investments”. The purpose of adopting this law was to encourage the inflow of important investments in the economy until December 31, 2018, while the law was completed with the respective by-laws at the end of 2015.*

2. **“Special procedure”** is the administrative procedure provided for in the Law 55/2015 under which support is provided under special rules to strategic investment with an impact on the economy, employment, industry, technology and/or regional development, with the goal to facilitate and expedite investments. Additionally, to the facilities as per the above, GoA offers the following guarantees for the investors:

- 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.

Eligibility: In order for an investor in tourism sector to benefit from the *special procedure* and to be considered as a strategic investor, the investment should be focused on accommodation structures, it should equal to or above 50,000,000 (fifty million) Euro.

b) Fiscal incentives to attract quality investments

1. **VAT reduction for accommodation structures from 20% to 6%.** Reduced rate of value added tax applies to the provision of accommodation services in accommodation structures, according to the categories set out in legislation in the field of tourism, which is 6 percent applicable as of June 2017.
2. ***⁷VAT 6% applied for any services supplied within the accommodation structures classified as 5* hotel/resort, special status***” into force as of January 2018.
3. ***⁸Exemption from corporate tax for a 10-year period, for accommodations structures, " 4 * and 5 * hotel/resort, special status"*** which reach to receive special until December 2024. According to this provision the effects of this

⁷This VAT reduction took place with the Law No. 107/2017 “For Some Additions and Amendments in the Law No.92/2014 “On VAT” as amended. The reduced rate of 6% VAT applies to any service supply provided within the “Hotel/Resort Five Star, Special Status” accommodation structures as defined in the legislation of the field of tourism and who are the bearers of a trade mark and brand name internationally registered.

⁸ This provision was made with the Law No.104 date 30.11.2007 “For Some Additions and Changes to the Law No.8438 date 28.12.1998 “On Income Tax” (as amended)”

exemption begin at the moment the accommodation structure starts the economic activity, but no later than 3 (three) years from receiving of the special status.

4. ⁹***Exemption from the building tax for accommodations structures, "4* and 5 * hotel/resort, special status"*** as per the provisions of the Law "On Tourism" and which are bearer of a trade mark internationally known as brand name. Into force as of April 2018.
5. ¹⁰***Exemption from tax on impact on infrastructure for accommodations structures, "and 5 * hotel/resort, special status"*** as per the provisions of the law "On Tourism" and which are bearer of a trade mark internationally known as brand name. Into force as of January 2018.

The above fiscal incentives (2), (3), (4) and (5) followed the amendments of the law no. 93/2015 "On Tourism", according to which the GoA aims to attract international brand names of accommodation sector to build new tourism structures in Albania. Through these changes it is introduced the concept of investor in 4* and 5* accommodation structures which can be eligible to receive the special status and therefore be subject of the above mentioned incentives.

c) Incentives for agro-tourism as a growth industry

1. ¹¹***VAT reduction for accommodations structures certified as "agro-tourism entities" from 20% to 6%.*** The reduced VAT shall be applicable as of 1 January 2019 for accommodation and restaurant (excluding drink) structures certified according to the criteria of the CoM No.22 date 22.01.2018. One of the main criteria' for "agro-tourism entities" is that they should have a capacity from 6-30 accommodation rooms.

⁹This provision was made with the Law No.106 date 30.11.2017 "For Some Additions and Changes to the Law No.9632 date 30.10.2006 "On Tax Local System" to the Article 22.

¹⁰ This provision was made with the Law No.106 date 30.11.2017 "For Some Additions and Changes to the Law No.9632 date 30.10.2006 "On Tax Local System", to the Article 27.

¹¹ This provision was made through Law No. 40/2018, date 09.07.2018 "For an Addition in the Law No.92/2014 "On VAT" as amended.

2. ***Corporate income tax to be reduced from 15% to 5%.*** This change will take place as of 1 January 2019 for taxpayers certified “agro-tourism entities”.
3. ***¹²Exemption from tax on impact on infrastructure for “agro-tourism entities” which shall perform investments in their scope.*** This measure enters into force as of 1 January 2019.

d) *Other incentives*

1. Law no. 93/2015, dated 27.07.2015 "On tourism", in Chapter 6 provides for a number of facilities/support for investments in priority areas for tourism development such as:
 - The disposal of state immovable property. Article 35 provides for the availability of state real estate (also through a symbolic 1 euro contract) for a period of up to 99 years;
 - Establishing of touristic ports or permanent pits serving as supporting infrastructure for tourist structures;
 - Disposal of beach areas for investments near the shores of the sea or lake.
2. Integrated Rural Development Program (PIZHR) - The program of 100 villages aims to coordinate the development interventions in the rural areas of 100 villages. The integrated rural development approach will target measurable objectives for the development of rural space, through centralized focus (integrated and coordinated programming) of public investment, donor and private investment, in the well-defined space of 100 villages, with high potential for economic and social development, agro-tourism and rural tourism, nature and environment as well as cultural heritage.

¹² This provision was made by the Law No. 41/2018, date 09.07.2018 “For Some Additions and Changes to the Law No.9632 date 30.10.2006” “On Tax Local System” as amended, Article 27.

ADMINISTRATIVE

- SIMPLIFICATION AND SPEEDY PROCEDURES FOR PERMITS/LICENSES/AUTHORIZATIONS/PROCEDURES/LAND CONSOLIDATION
- INVESTMENT =>5 MLN EURO+80 JOBS = ASSISTED PROCEDURE
- INVESTMENT => 50 MLN EURO= SPECIAL PROCEDURE (CONTRACT APPROVAL BY ALBANIAN ASSEMBLY)

FISCAL

- 6% VAT FOR ACCOMODATION STRUCTURES (HOSPITALITY + BREAKFAST)
- 6% VAT FOR ANY SUPPLY WITHIN "HOTEL/RESORT 5*, SPECIAL STATUS" (BRAND NAME)
- EXEMPTION FROM BULDING TAX AND TAX OF INFRASTRUCTURE IMPACT FOR HOTEL/RESORT 5*, "SPECIAL STATUS" (BRAND NAME)
- EXEMPTION FROM COORPORATE TAX FOR A 10-YEAR PERIOD FOR ACCOMODATION STRUCTURES "HOTEL/RESORT 4* AND 5*, SPECIAL STATUS" WHICH DO RECEIVE SPECIAL STATUS UNTIL DECEMBER 2024.

AGRITOURISM

- 6% VAT FOR COMPANIES CERTIFIED IN AGROTOURISM (HOSPITALITY + RESTORANT(EXC. BEVERAGES)
- COORPORATE TAX REDUCED FROM 15% TO 5% FOR LEGAL ENTITIES- AGRICULTURAL COOPERATIVE ENTITIES
- EXEMPTION FROM TAX OF INFRASTRUCTURE IMPACT FOR AGROTOURISM OPERATORS THAT MAKE INVESTMENTS.
- AS OF JANUARY 1st FOR COMPANIES CERTIFIED IN AGRITOURISM COORPORATE TAX IS REDUCED FROM 15% TO 5%.

OTHER

- LEASE CONTRACT 1 EURO=99 YEARS
- TOURISTIC PORTS AND PERMANENT PONTILS AS SUPPORTIVE INFRASTRUCTURE FOR TOURISTIC STRUCTURES
- 100 VILLAGES PROJECT

This summary contains general information obtained from laws, sub-legal acts or other parts of the public domain and from official website of the Ministry of Tourism and Environment. The information contained in this Summary is not exhaustive and does not replace the professional assistance or counselling you may need or the appropriate institutions. No part of these pages, whether text or image, can be used for any purpose other than the one specified. The Investment Council, a platform supported by the European Bank for Reconstruction and Development (EBRD) and the Albanian Government to promote public-private dialogue in the investment climate in the country. The Investment Council is supported by the EBRD-funded technical secretariat and addresses major business concerns by providing direct and practical recommendations to the Government on legal and institutional interventions to improve the business climate.