

SUMMARY

PROPOSALS FROM SOME CHAMBERS OF COMMERCE AND BUSINESS ASSOCIATIONS FOR THE FACILITATION OF THE SITUATION CREATED BY COVID 19

APRIL 2020

The measures taken by the Government of Albania, on the prevention of the spread of COVID 19, have directly affected the activity of private enterprises in Albania. Given the situation that businesses are experiencing, representatives of chambers of commerce and business associations, have consistently forwarded concrete proposals for facilitating businesses through specific interventions.

The following is a summary of the proposals of the Business Associations and Chambers of Commerce, members of the Investment Council:

(A) The Union of Chambers of Commerce and Industry of Albania in agreement with the Foreign Investors Albanian Association and the Chamber of Commerce and Industry of Tirana¹

1. Compensation of the employees salaries and to exclude from all fiscal obligations until the return to normality, all:
 - a. Enterprises of the urban, interurban and international passenger transport sector.
 - b. Entrepreneurship hotel sector enterprises and travel agencies.
 - c. Small and medium business enterprises that are closed as a result of the rigorous measures.

Note: Financial assistance of 26,000 Lekë / month has been approved for employees in entities that have realized for 2019 revenues up to 14 million ALL and only for that category of activities that were closed during the COVID-19 period by order of the Minister of Health. In these entities/beneficiary activities are: (1) self-employed physical persons; (2) unpaid family employees of the physical commercial person; (3) physical in natural commercial persons; (4) employees in legal entities. Applications have been running since April 1st.

2. To be excluded until the return to normality of:
 - a. Fiscal liabilities (tax on profit, VAT, social security contributions, income tax and withholding tax) for all enterprises whose income in March 2020 is 20% less than the average of February and January 2020.
 - b. Application of a 20% reduction in the price for electricity and water supply to all enterprises in the production sector.
 - c. Obligations of the hotel sector for the local tax (ALL/ bed) as well as all other local taxes related to the assets of the private enterprise until the return to normality.

¹ Official Letter sent to Albanian Government dated 3 April 2020

d. All obligations from local taxes for means of transport of passengers and facilities used for business activity even if these facilities are with a lease contract and not only owned by the enterprise itself.

f. Subsidy 50% of the rental value for all enterprises suspended from the rigorous measures for March and April.

e. For passenger transport vehicles, the validity of insurance and taxes should be extended for a period equal to the duration of the suspension of the activity, but not less than 3 months.

e. Postpone for a period of 3 months the validity of all authorizations or licenses that the private enterprise possesses in the exercise of the activity

Note: It is foreseen only the postponement of the monthly rent for all tenants physical/legal persons with incomes up to 14 000 000 (fourteen million) ALL per year, who have a notarial lease contract for the development of their economic activity, signed before declaring the state of the epidemic, and have stopped the activity as a result of the condition caused by COVID-19, will not pay the rent obligation for two months, April and May 2020. The arrears of these two months will be paid by the tenant, proportionally and agreed with the lessor, after May 2020.

3. To exclude from all obligations of point 2 and to compensate by the Albanian government, all employees of companies that the income of the months of March 2020 are 30% less than the average of the months of January and February 2020. (In case the companies haven't made cuts of more than 10% of the workforce).

4. The sovereign guarantee made available to private enterprise must be unlimited and meet all the requirements of private enterprise that have a revenue decrease in March 2020 of more than 20% of the average of January and February 2020, including also agricultural, livestock and fishing enterprises.

These enterprises apply for loans only:

- for the liquidation of employees' salaries
- for the liquidation of suppliers
- for working capital

Sovereign guarantee must be provided:

- a. With an interest rate of no more than 0.2%.
- b. Repayment of this loan should start in January 2021, assuming that we are in the phase of return to normality.
- c. The monthly repayment installment should not be more than 20% of the monthly profit realized by the lending company.

Note: It is foreseen a sovereign guarantee in favor of the second level banks in the amount of 11 Mld ALL.

5. Review the budget in an accelerated procedural manner, giving up investments and non-basic public services in accordance with the state of natural disaster, in order to create financial instruments to cope with the covid-19 situation.

Note: Some budget items have been changed in line with the first financial plan phase.

6. The Albanian government (central government and local government institutions), takes measures to liquidate all obligations to private enterprise, within April 2020, as well as to timely repay all obligations arising from public works and services contracts. that are not canceled with or without a budget review.

7. Financial institutions to automatically accept requests of the private enterprises as borrowers for loan rescheduling (extension of the payment terms of at least 3 months and depending on the situation of the austerity measures.

Note: Postponement of loan installments is not done automatically, but only when the subject proves insolvency/lack of liquidity. The decision-making remains with the second-tier bank after reviewing the subject's request.

8. For all the donations that the Albanian enterprise will undertake to help cope with the situation of Covid-19, we ask for their recognition as a deductible expense from the fiscal system.

(B) American Chamber of Commerce²

1. All businesses, regardless of size, should have access to COVID - 19 Emergency Funds in order to continue the activity during this period. Loans that will be guaranteed by this fund should be allocated at minimum rates or Zero, taking into account that the guarantee fund helps financial institutions to significantly reduce their risk. Moreover, companies whose debt includes amounts owed to the Government should not take out loans to meet these obligations.

2. To postpone the prepayment of taxes for 2020 and to adopt a legislation that will allow companies to make late payment in installments. Furthermore, it is recommended that local taxes, Social Security and Personal Income Tax be suspended for at least two months.

3. The Government is encouraged to consult with stakeholders before making decisions with important consequences for businesses. Representative business organizations are necessary during this crisis and should be part of the discussion table. Their input will significantly increase the quality and durability of laws and at the same time the efficiency of measures in the long run.

4. To allow and enable the continuity of judicial services, through online digital platforms by judicial bodies. The necessary judicial services have been disrupted, creating major challenges for businesses that need their services. At the same time, the Chamber believes that reviewing physical files at a low pace in order to enable social distancing measures and requiring all parties to be provided with brochures can reduce the risk of transmission to an acceptable level.

Note: It is possible to continue judicial and bailiff services of emergency nature. Judicial proceedings can also be conducted on-line based on the decision of the High Judicial Council.

²Official Letter sent to Albanian Government dated 8 April 2020 Prot. No.15

5. Improve the functioning of the E-Albania platform related to the payment of unemployment. During the high flow of use, functionality has had major problems. Members have reported these issues in relation to some of the larger platforms such as eAlbania, QKB and AKSHI, regarding important business services.
6. Eliminate VAT on essential medical supplies and other imported food products in order to ensure the proper level of supply from abroad with vital products for people during this emergency.

7. CONFINDUSTRIA – Italian Confindustria Association in Albania³

1. Considering the lockdown time set, despite the fact that the entities will try to make declarations of Profit Tax and payments within the period March 31, 2020, the possibility of errors is not excluded, so it is required that the tax administration does not penalize penalties / fines for erroneous declarations and for payments less than the profit tax liability, up to the extent of a permissible error of 20% of the actual liability.
2. From the members of the chamber, it turns out that the subjects are facing difficulties and delays in obtaining certificates from the Tax Offices and from the Municipalities, mainly documents needed for participation in public procurement.
3. To immediately guarantee the liquidity of companies affected by the epidemiological emergency, through the suspension of taxes and contributions;
4. Ensure a homogeneous procedure throughout the national territory to guarantee productive continuity, avoiding fragmented and contradictory interventions between different levels of government;
5. Provide that employees staying at home due to the cessation of activities, as well as those who are quarantined themselves, are treated as sick and paid from the social and health insurance fund for a period of at least one month;
6. To foresee the postponement of the deadline for submitting financial statements for 2019 at the tax offices.

Note: Has been approved rescheduling for the the second half of 2020 and onwards, of profit tax for the whole business in the band from 2 to 14 million ALL. Postponement of the submission of balance sheets for a period up to June 1 of this year for businesses that submit balance sheets to the NBC online or directly.

7. Avoid blocking the company's bank accounts due to tax liabilities for the duration of the viral situation.
8. Avoid interrupting basic services (such as electricity, water) for reasons of non-payment.

Clarification: *In red are the taken and approved measures- note of the IC Secretariat.*

³ Official Letter sent to the GoA date.30 March 2020 and PR “On the supporting measures for production system companies during Coronavirus emergency”