



16



Albania
Investment
Council

Improving Transparency and Investment Climate

MUNICIPAL - BUSINESS INTERACTION ON TRANSPARENCY, SERVICES AND LOCAL ECONOMIC DEVELOPMENT

Tirana, January 2020

This working document was prepared by the experts of the Secretariat of the Investment Council in the frame of Meeting XIX of the Investment Council (27 January 2020), Mr Elvis Zerva, Legal and Regulatory Expert, Ms Elida Fara, Economic Expert, Ms Xaira Shurdha, Monitoring and Liaison Expert, under the direction of the Head of the Secretariat, Ms Diana Leka (Angoni). Supported in the organisation of meetings with partners, translation in English (of some sections), and language editing of the material, Ms Elisa Lula, Administrative and Communication Officer of the Secretariat. We thank the private companies, chambers of commerce (Tirana, Shkodra, Gjirokastra), business associations (Amcham, FIAA, Confindustria Albania, DIHA, etc.), representatives of the central institutions and local self-government units (Tirana, Korça, Elbasan, Shkodra), and the Albanian Associations of Municipalities that collaborated with the Secretariat in raising issues and the consultation of the material. The views expressed herein are those of the authors and do not necessarily reflect those of the Investment Council or the EBRD.

ABBREVIATIONS

ALL	Albanian Lek
AmCham	American Chamber of Commerce and Industry
AMVV	Agency for the Support of Local Self-Government
AZRT	Agency for the Implementation of the Territorial Reform
DCM	Decision of Council of Ministers
DIHA	German Chamber of Commerce
DMC	Decision of Municipal Council
DPTTV	General Directorate of Taxes and Local Tariffs
EU	European Union
FIAA	Foreign Investors Association in Albania
GDP	Gross Domestic Product
IC	Investment Council
LDP	Local Development Plan
LGU	Local Government Unit
MC	Municipal Council
MFE	Ministry of Finance and Economy
NAC	National Agency of Cadastre
PEFA	Public Expenditure and Financial Accountability
RDA	Agency for Regional Development
SEE	South-East Europe
SME	Small and Medium-Sized Enterprise
SSA	State Supreme Audit
TEDA	Technology and Economic Development Area

CONTENTS

INTRODUCTION	5
METHODOLOGY	7
CONTEXT	9
ISSUES IDENTIFIED	10
SURVEY MAIN FINDINGS	10
MAIN ISSUES FROM NATIONAL AND INTERNATIONAL REPORTS	12
MAIN ISSUES IDENTIFIED BY BUSINESSES	13
MAIN FINDINGS	14
RECOMMENDATIONS	30
ANNEX 1	34
BIBLIOGRAPHY	44

INTRODUCTION

The Administrative-Territorial Reform was formally materialised with the adoption of Law 115/2014 “On Administrative-Territorial Division of Local Government Units in the Republic of Albania”, according to which local government was reorganised in 61 municipalities and 12 counties. At the core of the first phase of the reform was the cartographic division of the local self-government units. This was followed by the gradual process of legislation alignment pertinent to finance and taxation at the local level to increase decentralisation and efficiency in the use of resources.

Despite the progress of this reform, there are still unresolved challenges for local self-government units. According to the 2019 EU Progress Report about Albania: “Most of the municipalities are not effective in collecting revenues. As a result, their ability to deliver quality public services, in general, remains limited”. Moreover, according to the evaluation of financial management systems at the local level, PEFA (2017), “Main challenges for municipalities are related to the poor performance in collecting local tax revenues and tariffs. The poor implementation of the budget obliges municipalities to reduce the projected costs at the beginning of the year, and as a result, arrears are created. Meanwhile, effective

systems for monitoring the existence and performance of arrears are lacking, which are a risk to local fiscal discipline.” As a result, the limited financial resources of municipalities reduce the opportunities to support mainly SMEs and the quality of services provided. This problem is identified at different levels, depending on various municipalities’ financial means and resources. *It still remains necessary to see concretely the quality of services provided to the business in those municipalities that are more financially sound, such as the Municipality of Tirana. But, is there a basic service standard to evaluate the level of service quality?*

Good fiscal management is an important precondition for local economic development and investment promotion. Local economic development¹ is a **strategic partnership** process that helps: a) increase productivity (a key economic objective) by promoting investment in new or existing businesses with high growth potential; and b) creating local conditions to ensure sustainable growth over the local/national economy (e.g. infrastructure, water, energy, etc.) In this sense, economic development at the local level helps **lay the foundations of local and national prosperity.**

¹ Source: Ewen Peters

The importance of business interaction with municipalities has been brought up in several IC Meetings (since 2015) when discussing topics such as *'Electronic Platform on Construction Permits'*, *'Informality in Tourism'*, *'Business Inspections'*, *'Reform on Property'*. These topics cover some of the legal and regulatory aspects of the processes and services provided by municipalities to the business. We have taken note of some business expectations towards municipalities, which relate mainly to the quality delivery of local services against the taxes and tariffs paid by the business, transparency in the use of funds and concrete economic and infrastructure devel-

opment plans.

Given the above and following IC Members voting on IC Discussion Topic, the Secretariat focused on two important components: *local taxes and tariffs in the context of fiscal decentralisation and the role of municipalities in the local economic development*.

This working document does not undertake to analyse all the problems of municipalities in the context of decentralisation and business interaction, nor to provide exhaustive recommendations for their solution. It aims to prioritise some concrete actions that improve municipality-business relationships and increase the required transparency.

METHODOLOGY

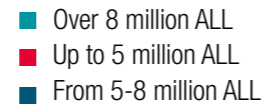
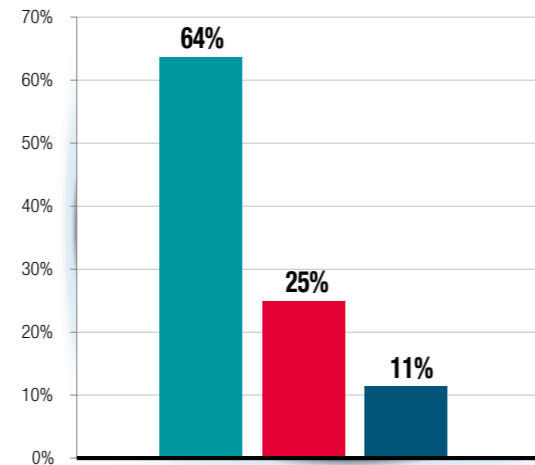
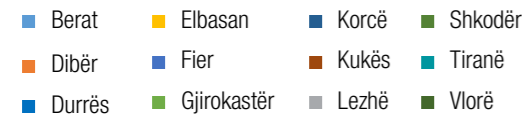
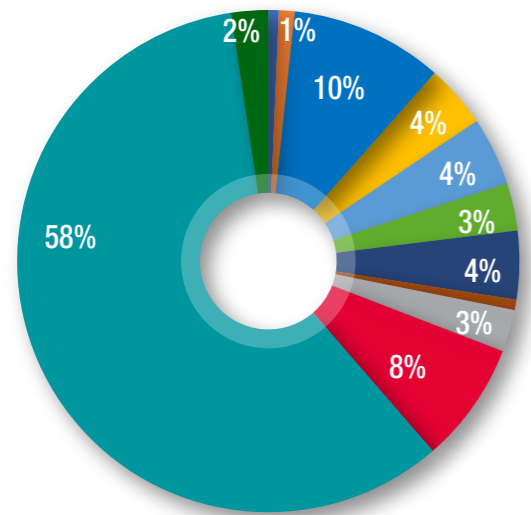
The steps taken by the Secretariat to assess fiscal good governance at the local government level and the role of municipalities in economic development are as follows:

- (i) Exploration of strategies, documents, laws and by-laws adopted over the years;
- (ii) Exploration of international and national reports such as European Commission's Progress Report, Evaluation of Municipal Financial Management Systems, PEFA Report², Annual Report on Local Public Finance, Ministry of Finance, State Supreme Audit's Annual Report on Audit Performance etc.
- (iii) Analysis of issues addressed to the Secretariat from companies and business associations during 2015-2020.

(iv) 2019 IC Survey was conducted in the form of a structured questionnaire prepared by the Secretariat. This questionnaire was completed online **randomly** by 300 companies. The survey was published in Albanian and English on the IC website, afterwards shared on social media (Facebook, Twitter) and sent by e-mail to around 8,000 companies, out of which around 3,000 were also contacted by phone to further promote the survey completion. The Secretariat collaborated with Epoka University for assistance in statistical processing and validation of the survey's results. The survey was completed by businesses in all 12 counties of Albania. 64% of the respondents were businesses with a turnover of more than ALL 8 million, 25% with a turnover of ALL 5-8 million and the remaining were businesses with a turnover of up to ALL 5 million.

² <https://pefa.org/country/albania>

Figure 1. Respondents by county and annual turnover



Source: IC Secretariat Survey July – September 2019

- (v) Direct consultations of the Secretariat in cooperation with the Association for Local Autonomy with the Municipalities of Tirana, Korça and Elbasan;
- (vi) Direct consultations with businesses, Municipality of Shkodra and the Albanian Association of Municipalities;
- (vii) 2 Focus Group Meetings—first organised in collaboration with Municipality of Korça and local companies in Korça

- (16 December 2019), and a second one organised with the Tirana Chamber of Commerce and Industry and its members (26 December), with a total of 27 participants.
- (viii) In addition, the Secretariat has received several written comments with concrete business problems and issues, more specifically from AmCham, FIAA, Confindustria and DIHA.

CONTEXT

Local autonomy is the right and ability of local self-government units established by law to regulate and administer an essential part of public affairs under their responsibility and in the community's interest.

The relations between the local self-government units and central government institutions are based on the principles of subsidiarity³, consultation and cooperation to solve common issues. Municipalities are guaranteed the right to generate income independently, the right to receive unconditional transfers from the State Budget and the right to benefit from the sharing of revenues derived from national taxes. Meanwhile, municipalities have complete autonomy in using their own revenues, unconditional transfers and incomes from shared taxes. The functions

or competencies transferred or delegated to the Municipalities and the establishment of a new national standard for the performance of functions or competencies are always associated with the necessary financial means and resources for their exercise.

In detail, municipalities are financed by revenues provided by (i) taxes, fees and other local revenues, (ii) funds transferred from the State Budget, and funds derived directly from the division of taxes and national taxes, (iii) local borrowing, donations, and other sources provided by the legislation in force.

Annex 1 provides a complete overview of the local self-government units' functional, legal, and institutional aspects after the reform. This analysis aims to identify the following specific issues and findings in the context of business-municipality interactions.

³ "Subsidiarity" is the principle of performing functions and exercising competencies at a level of government closer to the community, given the importance and nature of the task, as well as the efficiency and economy requirements.

ISSUES IDENTIFIED

1. SURVEY MAIN FINDINGS

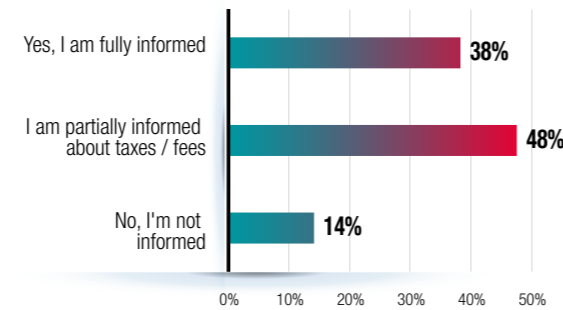
As mentioned above, the Secretariat conducted a survey on investment climate with a special focus on the interaction between the local government and the business. The survey contains data reported during July - September 2019. The questions were designed to collect information on *transparency of municipalities toward the businesses, quality of services delivered by the municipalities compared to the fees paid by businesses and provision of electronic services by municipalities and respective usage by the businesses.*

Transparency at the local level:

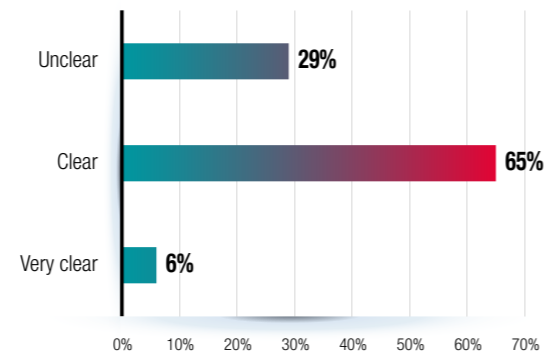
Companies are generally informed about the local fiscal legislation applied in their municipality (86% of companies are partly or fully informed on local taxes and tariffs), and the trend is the same across all sectors of the economy and business sizes. Companies are also informed on local tax administrative procedures (71% of survey respondents are clear or very clear about the administrative procedure).

Figure 2. Transparency on Local Taxes/Fees and Local Administrative Procedures

Are you fully informed about the local taxes and fees you are being charged of and how they are calculated?



How do you assess the clarity of the information provided by the Local Tax Administration regarding local tax administrative procedures?

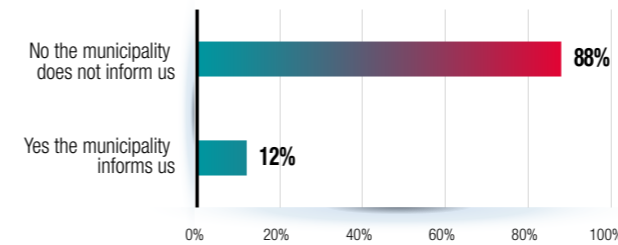


Companies are not informed about DMCs (88% say they have not any information regarding recent DMC). Regardless of the company's size or the sector in which they operate, they declare that municipalities do not inform them on the adopted DMCs (the agricultural sector has the highest percentage of lack of information).

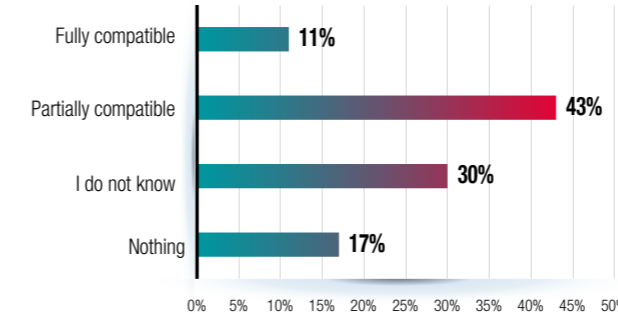
Companies with turnover above ALL 8 million have the highest percentage of unclarity about local tax procedures, 37% of which state that the information provided by local tax authorities regarding tax procedures is unclear. Whereas, companies operating in the industry sector, state that they have unclarity about local tax procedures (48% of the companies operating in the industry sector).

Figure 3. Transparency on DMCs and compliance with legislation in force

Does your Municipality inform you about the latest decisions of the Municipal Councils and their impact on your activity?



Do you consider them compatible with the legislation in force DMC?



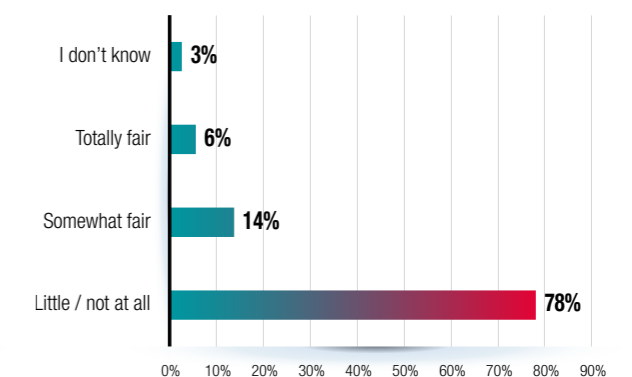
Companies lack confidence in the decision-making of local institutions compared to legislation in force (only 11% of the companies think that DMCs are in full compliance with legislation, and 56% of companies state that DMCs sufficiently influence their daily operations). Most companies operating in the agricultural sector tend to have low confidence in the DMCs (71% of companies operating in the agriculture sector think DMCs are not aligned with the legislation in force).

Cost-Benefit of the local services provided:

Companies, in general, are not satisfied with the level of local services if compared to the fees paid (78% of companies consider the cost/benefit ratio as not reasonable). In terms of business size, companies with a turnover of ALL 5-8 million have the lowest percentage of satisfaction regarding the services delivered by the municipality (67% of them consider this balance to be unfair). Agriculture and industry are the most dissatisfied sectors with regard to municipal services and paid fees.

Figure 4. Business satisfaction on local services

Do you consider the balance between the service received and the local fees you pay fair?

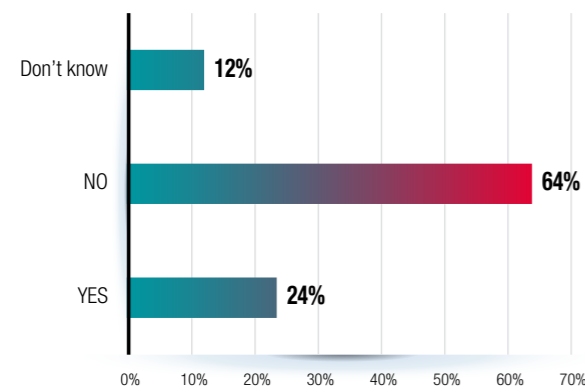


Electronic Services delivered at the local level:

Local institutions do not provide e-services to companies (76% of the companies say that they do not receive electronic services from their municipalities). Meanwhile, construction and services are the sectors that benefit most from e-services delivered by municipalities (respectively, 38% of construction companies and 24% of service companies stated that they benefit from the electronic services).

Figure 5. E-services at the local level

Does your Municipality provide any E-services?



2. MAIN ISSUES FROM NATIONAL AND INTERNATIONAL REPORTS

The Secretariat has explored several national and international reports that have identified different issues related to territorial reform, fiscal decentralisation of local self-government units, and municipalities' role in service delivery.

1. Specifically, the 2019 Progress Report for Albania states that: *"In most municipalities, LGUs are not effective at collecting revenues. As a result, the overall ability of local institutions to deliver quality public services remains limited."*

2. Evaluation of Public Financial Management systems, conducted according to PEFA methodology on five municipalities⁴, highlighted local government challenges. Citing, *"In general, fiscal discipline in municipalities is not the main concern, but municipalities have very little borrowing opportunity to fund their functions. The main challenge for municipalities is their poor performance on local tax and tariffs collection. The poor implementation of the budget causes the municipalities to reduce the projected expenditures at the beginning of the year, consequently increasing bad debts. Effective monitoring systems for the creation of arrears that are a risk to local fiscal discipline are lacking."*

3. State Supreme Audit Institution (SSA), in its 2018 Performance Audit Report *"Functioning of Municipalities in the Framework of Territorial Administrative Reform"*, highlights problems in the legal and regulatory framework of local self-government seen from the perspective of territorial administrative reform and its progress⁵.

4. Problems regarding the real opportunities of the municipalities to generate income and provide better services have also been identified by *the municipalities themselves or their associations*⁶.

⁴ <https://pefa.org/country/albania>

⁵ *In the new legislation there are "grey areas", gaps in defining the competences of municipalities and the transfer of new competences is not complete and has not been accompanied by changes in the relevant laws, thus not clearly defining what tasks the central government has, and what are the local government duties. The specific transfer volume for the exercise of new functions relies on historical state budget data on expenditures incurred by the central government for these functions. As a result, no cost analysis has been carried out, both for the funds needed to carry them out but also for the investments needed to provide the services fully and legally.*

⁶ Association for Local Autonomy, <https://www.shav.al/sq/>.

3. MAIN ISSUES IDENTIFIED BY BUSINESSES

From the analyses carried out by the business associations themselves and the concrete cases brought by their members, we highlight:

- » *Generally, the tax burden at the local level is not perceived as high by the business, although in some cases it is considered penalised for formalising specific sectors (such as for the tourism sector)*⁷;
- » *lack of transparency in the setting, collection and destination of some taxes (such as temporary education infrastructure tax (in Tirana) and infrastructure impact tax on new constructions);*
- » *not returning paid fees and taxes in tangible services for the business*⁸ (e.g. although businesses are paying the cleaning tariff, they still have to use their own cleaning tools, especially in the industrial areas);
- » *imposing disproportionate tariffs vis-à-vis service delivery by the municipalities (such as environmental pollution and waste disposal tariffs);*
- » *unsystematic publication of DMCs;*

- » *complex procedures for payment and collection of tax liabilities, especially by legal entities (freezing and unfreezing bank accounts);*
- » *continuous amendments to all relevant laws that define quantitative indicators in calculating the financial liabilities of mining companies towards central and local authorities;*
- » *setting local taxes and fees without legal reference;*
- » *issues related to the implementation of the agricultural land use tax;*
- » *issues related to delays in obtaining permits for construction permits when permits are approved by the local government (such as permits for the construction of high-water channels);*
- » *issues in the application of the tax on immovable property not for the owners but for the entities that operate under a leasing contract (e.g., in the field of hydrocarbons);*
- » *issues related to the imposition of fines and the frequent inspections made by local inspectorates (such as in the case of the Fire Protection Inspectorate.*

Albanian Association of Municipalities, <https://aam.org.al/>

⁷ Consideration of formalized accommodation businesses in the Tirana municipality as related to the accommodation tax. It does not refer necessarily to the level of the tax but because the tax is collected only in formalized accommodation units, while there are many other entities that do not pay/hide the number of beds.

⁸ Based on Secretariat's database on business issues, 2015-2019.

MAIN FINDINGS

The following findings are the results of the Secretariat's research work in collaboration with key stakeholders:

4. A DYNAMIC LEGAL FRAMEWORK, BUT STILL PERCEIVED AS NOT ALIGNED

The legal framework governing the tax, tariff and financial aspects of local government units remains quite dynamic. We emphasise that this process started by the administrative-territorial reform has often been associated with still pending ad-hoc unintegrated legal measures and interventions.

Law No.139 / 2015 "On Local Self-Government" and Law No.68 / 2017 "On Local Self-Government Finances" have brought a new standard in the provision of concrete rules on decentralisation in general and on the fiscal framework in particular, as well as more local funding sources. However, some of these provisions have either not been properly harmonised, implemented and/or

contradicted, or overlap with other laws referring to local taxes and tariffs⁹.

⁹ The lack of full harmonization of the new laws no. 139/2015 "On Local Self-governance" and no.68/2017 "On Local Self-governance Finances" with the existing framework is caused for several reasons, where we mention the main ones: (a) The time lines of the legislative process and the lack of full, adequate, and integrated integration of the entire legal and sub-legal framework affecting local self-government and decentralization reform; (b) The complex architecture of the fiscal legal framework that references formal, material, and procedural elements of local taxes and levies in several laws at once and in a broad body of bylaws. In most of the articles, there is an overlap between the provisions of Law 9632 dated 30.10.2006 "On the Local Tax System" (as amended) and Law 68/2017 "On Local Self-Government Finances", based also on the purpose and objectives of these laws themselves. This overlap of principles and rules for local taxes and tariffs in two different laws is useless and makes it very difficult for businesses (especially small businesses) to understand and implement the legislation, but also for municipalities. This is made even more difficult when human resources for the administration and most of the business are limited and changes in legislation are very frequent. For example, law no. 9632 dated 30.10.2006 "On the Local Tax System" and Law no. 9975 dated 28.07.2008 "On National Taxes" have changed 17 times. (c) A brief and not always comprehensive consultation process on changes affecting business/municipalities. Some municipalities claimed that Law 68/2017 "On Local Government Finance" passed quickly and the time to comment or suggest was insufficient.

1. The provision in Law 9632/2006 on the selection of a tax agent for collecting local taxes on buildings – contradicts the principles of local autonomy.

Provision of Law 9632, dated 30.10.2006 "On the Local Tax System" (as amended), according to which the tax agents of the units of local self-government for collecting the building tax should be authorised by the Council of Ministers, which also determines the amount of the benefit,¹ is in contradiction to the provisions of the above laws.

This provision violates the principles of local autonomy sanctioned in Article 22/1 of Law 13/2015 according to which: "The units of local self-government shall regulate and administer the exercise of their functions fully and independently" as well as Article 4 "Principles of fiscal autonomy" according to which: "The units of local self-government are guaranteed the right to generate income independently" and Article 12/3 of Law 68/2017 according to which: "The units of local self-government may enter into agreements with each other or with local tax collection agents by decision of the council of the local self-government unit, based on a transparent and competitive procedure."

Given the feedback of some municipalities, there seems to be a reflection not to infringe this competence of the local self-government units for the selection of tax agents without the approval of the respective DCMs. In general, from the meetings conducted by the Secretariat with the municipalities, it turned out that the selected tax agent for collecting the building tax was the Water Supply and Sewerage Company.

2. Dissimilar classification of tax for transfer of immovable property for individuals, natural and legal persons.

According to Law 68/2017², this tax is considered a national tax, 97% of which is shared with local self-government units. Meanwhile, law 9632, dated 30.10.2006 "On the Local Tax System", considers it as a local tax³, what is collected by real estate registration offices, which, in the role of a tax agent, receive 3 per cent of the collected amount and the difference is paid on behalf of the respective budget of the municipality in which territory the property is located.

3. Discrepancies in the amount of annual tax for circulation of used funds shared with local self-government units.

According to law 68/2017⁴, this tax is considered as a national tax, 25% of which is shared with the local self-government units, while according to law 9975 dated 28.07.2008 "On National Taxes" (amended) provided that only 18% of these taxes exceed the budget of the local self-government. Only after 3 years and specifically with law no. 86/2019, dated 18.12.2019⁵, this ambiguity was resolved between the two laws, eventually sanctioning the amount of 25%.

3. Failure to comply with the legal obligation to distribute 2% of personal income tax by local self-government units.

Law 68/2017 in its Article 25 paragraph e)⁶ provides that 2% of the proceeds from the collection of personal income tax shall be allocated to the local self-government units. The

revenues collected from the separated taxes are transferred to the local self-government units by the end of the following month. Despite being the third year of implementation of Law 68/2017, during consultations with the municipalities, the Secretariat observed that the distribution of these revenues has not yet begun and consequently also the fulfilment of this legal obligation. **Technical shortcomings in how taxes on personal incomes are allocated to municipalities have affected the funds available to municipalities to perform their functions and responsibilities.**

5. A CHALLENGING INSTITUTIONAL FRAMEWORK TO DELIVER IN TIME AND SUCCESSFULLY THE REFORM

1. The transfer of new responsibilities/functions to municipalities has in some cases not been supported by timely and appropriate changes in the sectoral legal framework, as well as by a sufficient financial package. Significant examples are the new functions related to public forest and pasture management, irrigation and drainage, etc. This was confirmed during the Secretariat's meetings with the Municipalities of Tirana, Korça, Elbasan and Shkodra¹⁰.
2. The new legislation still carries uncertainty about the role of the district, which continues to operate under the same pre-administrative-territorial reform powers set out in Law no. 8652, dated 31.7.2000 "On the organisation and functioning of local government."

¹⁰ It is also analyzed in more detail in the SSA Performance Audit Report "The Functioning of Municipalities, in the frame of the Administrative Territorial Reform.

The functions of the district are a) building and implementing regional policies, b) their harmonisation with state policies at the district level, and any other functions provided by law. These competencies are considered too general and have reduced the role of the counties, as confirmed by the consulted stakeholders.

3. The Consultative Council for the Support of Local Self-Government, being a consultative body, is considered to have had no impact on effective decision-making in favour of municipalities' concerns. For example, in the case of discussions and consultations on the building tax methodology, these consultations took place at a time when the relevant draft law¹¹ on changes to the building tax had previously been passed for approval by the Parliament.

6. TRANSPARENCY IN MUNICIPALITIES' DECISION-MAKING

1. **Non-consolidated and systemic publication of city council decisions affects the level of access and limits transparency on the decision-making of these councils and their recognition by businesses.**

Businesses claimed this in the 2019 IC Survey – when asked about the level of information they have on decision-making and DMCs approved by city councils, around 88% of businesses stated that the municipality does not inform them about approved DMCs.

¹¹ For some additions and changes to the Law No.9632 dated 30.10.2006

- » *In the frame of the Territorial and Administrative Reform, it was approved the online platform vendime.al, as the official source for the publication of DMCs;*
- » *It turns out that some of the MCs have published the decisions on their websites, while others give as reference the online platform, vendime.al;*
- » *In practice, cases of partially published DMCs have been identified: Municipality of Vora, Municipality of Elbasan - partial publication of DMCs without the relevant annexes containing the actual tax values and fees, neither on the official websites of these institutions nor on the platform vendime.al. (Ref. DMC Vora no.75 dated 26.02.2017, DMC Vora no.36 dated 23.04.2018 and DMC Elbasan no.129 dated 20.11.2017)*

Source: AmCham

2. **The approval procedure of DMCs' annual amendments pertinent to local taxes and tariffs in dispersed unintegrated documents makes it difficult for businesses to find accurate and updated information.**

Specifically, in the case of the Municipality of Tirana, DMC no.59 dated 30.12.2015, "On the System of Local Taxes and Tariffs" has been changed 10 times with different DMCs. These decisions can only be found published separately and not integrated into the DCM no.59/2015, making it difficult for businesses to update with the latest local tax and tariff

obligations. This becomes even more difficult when the information is non-systematically published on various websites such as Tirana Municipality, Tirana General Directorate of Local Taxes and Tariffs¹² and no consolidated and easily accessible version is available on any platform.

The above is also highlighted by AmCham, as detailed below:

DMCs are constantly changed and some municipalities, even if they publish approved decisions, publish them in the dispersion:

- a) *DMC Tirana no.59 dated 30.12.2015, on local taxes, has been amended several times during 2015-2018 since its first approval;*
- b) *DMC Vora no.36 dated 23.04.2018, which amends DMC no.75 dated 26.02.2017 on local tax and tariffs system, has been partially published, while DMC 75 is not published on the website of Municipality of Vora, but only on online platform vendime.al.*

This partially and dispersed manner of publication of DMCs, either on various documents or websites, makes information on local taxes and tariffs not easily accessible, bringing about shortcomings in efficiency and time delays as several websites and documents need to be looked up to get updated information.

Source: AmCham

¹² <https://www.tirana.al/>, <https://dptv.gov.al/>; <http://www.vendime.al/>

Meanwhile, there are other municipalities that follow simpler and more efficient procedures in the case of annual approval of local taxes and fees, such as Korça Municipality, Fier Municipality, which, by adopting annual fiscal packages, abolish previous DMCs integrating all changes into a single DMC. We highlight that the practice of amending basic DMCs with continuous changes, although legally may be fair, is often not considered the best - in terms of the transparency that should be provided to citizens and businesses pertinent to local taxes and fees.

3. Although municipalities have an active role (e.g. Tirana, Shkodra) in adapting administrative appeal procedures, businesses are still unclear.

During meetings conducted by the Secretariat, companies reported that they did not have complete information about the procedures to be followed in relation to local tax and tariff complaints claiming that information is missing, not accessible to them and unpublished. Even if grievance exists as a procedure, their confidence for impartial review by the municipality or for the decision to come in their favour was low.

By verifications carried out by the Secretariat in relation to the above, it comes out that access to information on administrative grievance procedures in the structures of local self-government units is difficult¹³. It is also identified that the pos-

sibility of appealing local acts of municipalities is not expressed in the specific DMC related to local taxes and fees (e.g., DMC no. 15 dated 30.12.2015, MC Tirana).

Despite the above, it should be highlighted the active role that municipalities have had in adapting legal changes regarding the adoption of procedures, criteria and the establishment of internal collegial structures in relation to tax appeal. It is found that based on the legal changes that Law no. 9632, dated 30.10.2006 "On the Local Tax System" (as amended) at the end of 2017¹⁴ in its article 7 provides that: *The taxpayer's appeal at the local level against the decision or action of the tax office is made at the local tax appeal structures, as per criteria and rules established by the municipal council, in accordance with Article 4 of this law. The taxpayer has the right to appeal in court against the decision of the tax appeal structure of the municipality.*

Based on this provision, it is noted that at least in the case of the Municipality of Tirana and the Municipality of Shkodra, verified by the Secretariat, measures have been taken to adopt the relevant and dedicated DMCs that address the establishment of tax appeal committees and the adoption of their operating regulations. Specifically, in the case of Tirana Municipality, DMC no. 158 dated 21.12.2018 was adopted and in the case of Shkodra Municipality, DMC no. 56

¹³ From Secretariat's explorations, it has been identified that municipalities have been assisted in setting up these structures through a Roadmap for the Drafting of the Regulation on the Organization and Functioning of the Local Structure of Tax Appeal by Local Government Units prepared in May 2018 by USAID.

Regarding the decision-making, impartiality or efficiency of these structures, the Secretariat was unable to prepare an

analysis, as information on the decision-making of these structures was not public and accessible, in some cases not systematically made available by municipalities (e.g. Municipality of Elbasan) or no information submitted (e.g. Municipality of Tirana)

¹⁴ Law No. 106/2017, dated 30.11.2017. Published in the Official Gazette No.222, dated 19.12.2017

dated 19.07.2018 was approved. Information on the right to appeal is generally provided at the bottom of the Tax Liability Notice.

4. Lack of a complete address book affects the inadequate notification of companies regarding tax liability notices.

Mainly for the Municipality of Tirana, as in other municipalities, this problem is on a smaller scale due to the smaller number of businesses and the limited territorial extent. The Secretariat has identified that obligations assessment reports are generally in line with local tax and tariff legislation. The entities suggested the use of new and alternative means of interacting with businesses, mainly through electronic taxpayer services that would enable timely notification of liabilities and reduce the mutual operating costs associated with notification (paper, postal services, etc.). We would propose opening a debate about informing companies with alternative instruments such as e-mails, etc., without possibly requiring legal changes.

5. According to the 2019 IC Survey, businesses perceive a low level of compliance of DMC with the legal framework.

To the survey question "Do you consider DMC compatible with the applicable legislation?", 60% of the businesses surveyed nationally responded that DMCs considered them partially or not at all compatible with the applicable legislation. Generally, the perception is the same in all regions of

the country, where more than half of businesses consider them partially or not at all compatible with the legislation in force.

During the analysis on the compliance of DMCs with other laws and from meetings with stakeholders, the Secretariat did not identify any cases of DMCs in open contradiction to the law. According to the municipalities contacted, DMCs are subject to the controlling filters of the MC and Prefectures. High perception as per IC Survey on the incompatibility of DMCs may be related to the fact that businesses perceive as non-transparent and unopened the decision-making of MCs.

6. Business perceives there is a disproportionate differentiation in setting local tariffs, e.g., cleaning fee, etc.

During consultations with the businesses, it turned out that a different problem for them is the differentiated way of charging tariffs to similar businesses for the same service.

In practice, there is a significant difference between the tariffs set in different municipalities. For example, the cleaning fee set by DMC Shkodra no.63 dated 30.10.2017 is ALL 13,000 for the small business and ALL 33,000 for the large business. While DMC Durrës no. 401, dated 23.01.2017, sets the cleaning fee at 10.000 ALL for small businesses and 20.000 ALL for big business. It is also noted that the same fee varies for taxpayers of similar categories within the same municipality, and the reasoning for this differentiation is unclear (collecting most of the tax from a single entity).

2018 Fiscal Package, Municipality of Kruja

*Cleaning and waste disposal fee
For existing cement factories
- ALL 5,000,000
For other factories, plants according to their
location and workload, etc. - ALL 3,000,000*

*Ecological taxation
For other large taxpayers - ALL 100,000
For cement production entities and the like
- ALL 3,000,000*

Source: AmCham

Apart from the above, it is found that the fee for applying for a building permit on the electronic construction permits platform from different municipalities is different. Some municipalities apply a standard fee (e.g. ALL 2,500 Shkodra, in Korça by some categories but not more than ALL 2,000), while other municipalities have set a fee for reviewing the application for a building permit on the e-Permits platform, based on the investment value (e.g., the Municipality of Tirana applies a 1% fee on the investment value). Although municipalities have the autonomy to decide on local taxes and fees through appropriate MC decision-making, in the case when the service provided through the platform is essentially the same regardless of the investor's location, imposing the application fees as above detailed, is disproportionate in our view and subject to debate.

7. Registration papers at the Municipality of Tirana for the payment of local taxes is often considered bureaucratic and inefficient.

Raised by AmCham in regards to the following:

The Taxpayers Assistance and Registration Section is required to submit a set of documents before any request/complaint is made:

- 1. This procedure is contrary to the law "On Tax Procedures" and all the principles sanctioned therein for taxpayers' rights. In addition to the taxpayer as a legal entity, the required information relates to the administrator as an individual. To make these requests even more meaningless, most documents are from or are issued by subordinate bodies. Why the administrator's family certificate is needed to register a business? We understand that this procedure is intended to collect taxes for which individuals are responsible, but tax collection measures are set out in the Law on Tax Procedures, and none of them mentions waiving the right to appeal/request in the municipal administration.*
- 2. When a new business goes to pay its tax liabilities, the General Directorate of Taxes and Local Tariffs (DPTTV) requires documentation "For registration of new business." As in the above case, the required documents are in the one-stop state registries like the NBC and the municipality itself and apart from misusing the document we do not think that it has any benefit for the municipality by creating totally unnecessary procedures and in violation of the law.*

Source: AmCham

» **The business contribution remains modest, although the municipality's consultation procedure on decisions/budgeting [community budgeting] is carried out, at least in the major municipalities**

During consultations, it was noted that business participation in the consultation remains limited with regard to a) temporary taxes and tariffs set by the MC, b) how these funds were used at the time of drafting local budgets. Increased confidence in the process is also conditioned by whether or not to consider or even argue for requirements such as when drafting fiscal packages or allocating financial resources according to budget programs.

We note that Law 68/2017 brought as a novelty the local government budgeting also through consultation with stakeholders and provided the imposing of fines for heads of municipalities if they did not carry out the foreseen consultations. Perhaps this is why the publication for the consultation has already been integrated into the work of municipalities.

Although temporary taxes and local fees are paid, the business is not fully convinced that these funds are used for the stated destination.

- During consultations with the business, the level of transparency of the municipalities regarding the use of taxes and fees paid by the business was often brought into the discussion. For example, entities in the county of Tirana demanded transparency over the use (destination) of funds raised by the Municipality of Tirana with the temporary tax on educational infrastructure or even the tax on

- The proportionality and legal duration of the tax on education infrastructure. It is recorded that the tax on education infrastructure is the only temporary tax, which is foreseen as such by the Municipality of Tirana for a period of 7 years. The annual fee for education infrastructure tax is provided in DMC no. 59 dated 30.12.2015 "On the System of Local Taxes and Tariffs in the City of Tirana", in point I.f, based on the legal provision of Article 9 of Law no. 9632 dated 30.10.2006 "On the Local Tax System" (as amended). *This article, apart from providing that the provisional tax is one of the categories of local taxes, does not impose any conditions or criteria on their proportionality and duration*¹⁵.

Despite this, law 66/2017 did not proportionally address the duration of the temporary and concrete tax such as that imposed by the Municipality of Tirana, which, although established in 2015, is still in force. This is because a transitional provision and specifically Article

¹⁵ Given this legal gap has left too much discretion to municipalities in imposing provisional taxes, their amount, number or duration, with the latest law no. 66/2017 "On the Finances of Local Self-Government", the appropriate adjustments were made. Specifically, the law provided for a special legal provision, Article 13 "Rules for the imposition of temporary local taxes". This Article states *inter alia* in paragraph 2 that: "2. The introduction of a provisional tax is preceded by the development of a plan, which includes, at least: a) the determination of the specific service or investment financed by the provisional tax; (b) the duration of the provisional tax, which may not be applied for more than three years from the date of entry into force, and the total and annual amount of revenue expected to be collected; (c) the cost and terms of service and investment, including the part financed by the interim tax and other sources, including the part financed by the municipal budget", while in paragraph 9, it states that: "9. The local self-government units may not apply more than two provisional taxes during a budget year." These legal provisions above address to a satisfactory extent the aspects related to the purposes of the provisional taxes and their duration.

63 of Law No.66 / 2017, provides that the *provisional taxes imposed before the entry into force of this law shall apply in accordance with the legislation in force at the time of their adoption.*

Another concern about education infrastructure tax relates to its implementation not at the company/taxpayer level but for any **secondary taxpayer's identification number (NUIS)** or place of activity of the entity. From the Secretariat's exploration on the open.data.al portal for the Municipality of Tirana,¹⁶ detailed information on the provisional education tax can be found. Specifically, from 2016 to 2018, about ALL 1.9 billion¹⁷ were collected, but the Secretariat did not find any detailed information regarding the use of this fund by the Municipality of Tirana.

8. The business confirms that it is generally aware of the taxes and fees it pays but is unclear about how they are calculated, which may be due to a lack of information and fiscal education.

This is also confirmed by the 2019 IC Survey, where 48% of businesses at the national level claimed that they are uninformed about how to calculate local tax liabilities.

Consultations with the business also revealed a lack of information on local fiscal liabilities, with some businesses claimed they were very unclear about what they were paying. Although the share of local fiscal liabilities in their total fiscal liabilities was small and not

¹⁶ <https://opendata.tirana.al/>

¹⁷ <https://opendata.tirana.al/?q=dataset/planifikimi-dhe-realizimi-i-t%C3%AB-ardhurave-t%C3%AB-bashkis%C3%AB/resource/dbfafa76-f87f-406d-9690>

considered a significant problem, their calculation and especially the procedural aspect of contesting/appealing local fiscal taxes or tariffs as well as local fines were very unclear and to a large extent considered by businesses as a heavy burden.

Pursuant to Law 68/2017, local self-government units have the right to set local tariffs for a service provided by these units or for a right granted to individuals, natural persons and/or legal entities. The level of the tariff is oriented towards covering the cost of the public service provided by the local self-government unit. Business consultations show that there are numerous disputes over the value of tariffs or even the distribution of the fiscal burden between family consumers and businesses. The most contested tariff is the cleaning tariff, which is claimed to be high against the quality of service provided (*Amcham, DIHA*).

Published DMCs on fiscal packages, for none of the municipalities have explained the methodology of setting these tariffs, which is thought to be a deficiency that creates misunderstandings between municipalities and taxpayers. For example, the MC has adopted with DCM 319/2018 a Waste Management Cost Calculation Guide that will be taken into account by LGUs when calculating the cleaning tariff. If, for example, the municipality of Tirana has taken into account this DCM or not, this is not disclosed (at least referring to the DCM on the local fiscal package).

Therefore, increasing transparency, consultation and real cooperation in setting tariffs from the municipalities with the businesses, but also with individuals would serve to a considerable extent in their awareness of the value, but especially of the payment of local fiscal obligations.

Tariff of cleaning and removal of waste.

This fee has increased significantly and, as such, has become a significant cost to the business. Given this and the fact that this fee is given in exchange for a service, it is important to have a direct connection between them. Specifically, the indicative levels and the tariff table need to be reconceptualised.

Methodology and transparency for imposing tariffs:

Does the municipality have a methodology for sharing the tax burden among businesses and households in respect to the cleaning and waste removal tariff and the educational infrastructure tax? If so, what percentage of income should theoretically be paid by businesses and how much by individuals? But what happens in reality? What percentage of the amount is to be collected/cashed in by family members?

Source: AmCham

9. Implementation of unclear procedures by municipalities harm the business climate and the cooperation between the municipality and the business

- The procedures for freezing and unfreezing bank accounts from the Local Tax Directorates are uncoordinated and create conflicts with clients/businesses that, in many cases, are not notified in advance by the tax authorities for voluntary execution of tax liabilities. Reconciliation of

accounts and payments and orders for unfreezing are not sent to commercial banks in real-time.

A problematic situation regarding the procedures undertaken by the municipalities for collecting tax liabilities is also identified by AmCham:

In practice, there are major problems with freezing orders sent by municipalities for the collection of tax liabilities by taxpayers. This is primarily because the provisions of the relevant law and instruction "On Tax Procedures" are unclear and with unclear deadlines. However, what is noted in practice is that municipalities issue freezing orders for the personal accounts of the entity's administrator at the same time with the order for freezing the company's own bank account.

The company's tax liability passes to the sole administrator or shareholder under certain conditions and never without a court decision recognising the sole responsibility of the administrator/partner. These actions lead to the illegality of the municipality's acts and place banks in a difficult position where they will have to choose between implementing an illegal act (otherwise subject to sanctions by the municipality) or protecting the legitimate interest of their clients).

Source: AmCham

- Implementation of tax liabilities also for companies in the liquidation phase

We have had many companies that have

been in passive status for years (in these cases, the municipality does not impose tax obligations). At the moment of initiating the liquidation proceedings, the company is switched to active status by the NBC and, in this case, for the entire period in which lasts the liquidation procedure, the municipality calculates the local taxes and fees. In these cases, the activation of the status in “active” is intended only for the liquidation purposes of the taxpayer and not necessarily that the company carries out economic activity. Local taxes and fees should not be applied unless it is established that the company is conducting economic activity.

Source: AmCham

10. Mineral Rent¹⁸ - the beneficiary municipalities of the rent also remain the municipalities with the lowest income and in the country's poorest areas.

In 45 municipalities¹⁹ in the country, natural resources are used, and they are rent beneficiaries.

¹⁸ Under Law 9975/2008 “On National Taxes”, any natural or legal person who is licensed and/or operates in the mining industry, under a contractual relationship with the Minister responsible for the economy, must pay rent for natural resources derived from/above/below land in the territory of the Republic of Albania. The royalty is calculated as a taxpayer's monthly liability at the time it sells mineral products. In the case of export of mineral products, the rent shall be paid at the time the export declaration is made. 5% of the income from mining royalties belongs to the local government where the activity takes place.

¹⁹ Berat, Bulqizë, Cërrik, Devoll, Dibër, Dropull, Durrës, Elbasan, Fier, Fushë Arrëz, Gjirokastrë, Has, Himarë, Kavajë, Klos, Kolonjë, Korçë, Krujë, Kuçovë, Kukës, Lezhë, Librazhd, Lushnjë, Malësi e Madhe, Maliq, Mallakastër, Mat, Patos, Peqin, Përmet, Pogradec, Poliçan, Prrenjas, Roskovec, Selenicë, Shijak, Shkodër, Skrapar, Tepelenë, Tiranë, Tropojë, Ura Vajgurore, Vau i Dejës, Vlorë, Vorë.

From consultations with municipalities, it turned out that the central government generally transfers the amount of rent to the municipal budgets, which is used for investment for local government units. But, the value of the rent transferred to municipalities remains a persisting problem, raising the issue of revising the Mineral Rent distribution formula, simplifying the rental income distribution procedures at LSGUs, and reviewing the value of the rent with the Regional Tax Directorates. A data exploration shows that the beneficiary municipalities are generally the lower-income municipalities and the poorest areas of the country, such as Kukës, Skrapar, Bulqiza, Klos, Mat, Patos etc. **The Municipality of Bulqiza is one of the municipalities where the largest number of mining licenses is concentrated, and as a result of resource utilisation activity, it ranks at the bottom of the list of municipalities for financial autonomy measured as a percentage²⁰ of its revenues in the total revenue.** Can we open a debate about the model of how these areas of great natural resources are, at the same time, models of a balanced economic and social development ecosystem?

11. Implementation of building tax according to value methodology - a challenge for municipalities

The legal framework for the Fiscal Cadastre, as the central register of the immovable property database that serves the purposes of administering the immovable property tax, was adopted in 2017 as an expression of political will and a necessity to meet the recommendations of the IMF.

²⁰ 5% is the level of own income/total local income

Unable to have complete data from the real estate register, the current process requires interaction from the local government units responsible for updating the Fiscal Cadastre data and putting into practice some of the obligations that arise for these units.

Currently, the building tax is applied according to specific provisions in DCM No.132, dated 7.3.2018, which is based on the methodology for taxing buildings on a real value basis rather than on a surface basis only. The adopted methodology aims to expand the taxpayer's base to the household category for which the methodology and taxation has a greater impact in relation to businesses for which the burden of this tax is often lowered.

The income from the building tax constitutes the main item in the municipal income. Specifically, this item accounts for 18% of its own local revenue for the 61 municipalities in the country or 5% of the total revenue they have available.

During meetings with various municipalities, the Secretariat has received comments on some criteria regarding the taxation of buildings which may be subject to review or discussion. Specifically, in the Municipality of Shkodra, the claim was raised that according to the methodology, they are obliged to tax non-public higher education institutions equally with the entities that conduct commercial activity, while in Elbasan the claim was made that the entities “shops without activity” should be taxed the same as others entities that conduct commercial activity.

Currently, it turns out that municipalities are applying the new building taxation methodology according to their data and not according to the fiscal cadastre system, which is still in the process of being studied.

7. BUSINESS EXPECTATIONS VERSUS THE QUALITY OF PROVIDED SERVICES

Municipalities provide about 36 functional services in the field of infrastructure and public services, in the area of social services, in the area of culture, sports and entertainment services, in the area of environmental protection, in the area of agriculture, rural development, forests and public pastures, nature and biodiversity, in the area of local economic development, in the area of public safety, as well as delegated functions and competencies. Law 139/2015 increased the number of services to LGUs, making the separate services exclusively LGUs services, such as pre-school and pre-university education, fire fighting services, environmental protection, etc.

a) *There is a need to establish national minimum standards for service evaluation that are applicable nationally and locally*

To the survey question “Do you consider fair the balance between the service received and the local fees you pay?” 78% of the companies answered they consider this balance little or not at all fair.

The consultations with municipalities and businesses showed that there are no benchmarks for assessing service delivery at the local level. Meanwhile, exploration of the published documents showed that there are standards of delivery in some local services, such as pre-school education and fire protection, but there are no standards at the level of evaluation of the services provided. In this context, it would be suggested that the standard-setting process begins in those services where standards already exist.

We emphasise that Law 139/2015 requires

LGUs to ensure the delivery of public services by designing and deploying a service performance management system²¹ based on local and/or national minimum standards and designing and establishing a system of indicators for performance measurement.

b) *Electronic services – Perceptions from the survey and concrete cases.*

At the national level, the provision of online services for the business and the individual is one of the top priorities of the central government agenda. Even at the local level, although uncoordinated²², municipalities have made efforts to facilitate the provision of services, mainly fiscal ones focused on the online provision of local taxes and fees.

Based on IC Survey and consultations with the business, it comes out that:

- » business is interested in minimising contacts with municipal employees and accessing online services that save time and help reduce corruption.
- » regarding the electronic services provided by the municipalities in the territory in which they were operating, 64% of businesses at the national level responded that the municipality does not provide elec-

21 The PEFA evaluation conducted in some municipalities, highlighted the lack of objectives in local service delivery to assess the effectiveness and efficiency of resource use. This is also reinforced by the performance audit performed by the SSA in relation to the quality of some services provided by municipalities whose conclusion was that at the local level there is a lack of performance indicators for their services and monitoring. Clear national standards (the case of classroom-teacher education) of local public services are missing, which makes any system of monitoring and evaluation of local government activity meaningless in terms of service delivery meaningless. Even when there are legal standards, such as number of firefighters per thousand, they are not being implemented.

22 Through donor funding, municipalities have created fiscal management software that are different among municipalities.

tronic services while 12% responded: “I don’t know”.

Tirana has the most positive perception at the county level, *with 34% of the businesses stating that the municipality provides them with electronic services and they benefit from them, followed by Shkodra, with 15% of businesses reporting that the municipality provides electronic services that they use.* Meanwhile, in the county of Korça, only 8% of businesses responded positively to the question of whether they benefited from the electronic services of their municipality. During the meetings with the municipal administration and the business, three typologies of electronic services were identified:

(1) *Case of the Municipality of Tirana*

The Municipality of Tirana offers a range of services to businesses and individuals, not only through their website but also through e-albania portal. GDLTT also has its own website, where each business through its account receives an official notification on the due local tax liabilities, although its use by the business is not very friendly, such as the case when the user requests to change the password is required to visit DPTTV office.

(2) *Case of the Municipality of Korça*

In Korça²³, despite online service for receiving notifications on local tax liabilities, businesses did not use it and stated that they were satisfied with sending the notification by mail or even communicating directly with the municipality.

(3) *Case of the Municipality of Shkodra*

The Municipality of Shkodra²⁴ has built an integrated one-stop-shop system for regis-

23 www.bashkiakorçe.gov.al

24 www.bashkiashkoder.gov.al 2020 Fiscal Package

tration and service delivery for business and household taxpayers throughout the municipality, which will become fully operational by 2020.

8. ROLE OF MUNICIPALITIES IN ECONOMIC DEVELOPMENT – POLICYMAKER OR ONLY EXECUTER

Consultations with companies show that the perception on the role of municipalities in the economic development of the territory is modest. This may be mainly due to the fact that LSGUs have little income at their sole discretion, and most of the financial resources go to meet the operating costs of the municipality without allocating much investment funds or concrete assistance to SMEs. Law 139/2015 has embedded to municipalities also one of the fundamental functions of the city’s economic development, mainly in drafting strategic development plans and programs for local economic development. In the meantime, consultations have shown that businesses generally think that municipalities prioritise tax and tariffs collection rather than business support and promotion.

Another significant source of revenues for municipalities in the last 2-3 years, also related to the growth of the tourism sector, is the rental income received from contracts with private entities for the use of beach stations and the setting of rules to discipline them. During 2018, the Secretariat has identified some business problems in Velipoja beach related to lack of transparency in leasing contracts, short notices for entering into a contract or short time durations of only 1 year, which penalises sustainable or long-term investment or development. In the consultations in the Municipality of Shkodra, this problem

has been confirmed, but according to them, it is also related to the **delayed adoption of the relevant regulation²⁵ on the conditions and criteria for beach use** and lack of institutional coordination, also highlighting issues related to informality in beach areas.

By our verification, the relevant regulation²⁶ was adopted only at the end of March 2019, and meanwhile, contracts had to be concluded by 20 April.

However, it appears that the regulation has finally established a sound basis for the conditions and criteria for beach development, enabling greater predictability for businesses and municipalities for local development. The regulation stipulates that contracts from municipalities may be concluded within a term of 1 to 5 years, and in any case, this process should be closed by 31 March of each year/season.

In addition, it is noted a lack of initiatives and projects at the county level for integrated economic development. The feeble role of counties in the competencies and financial support of municipalities has not yet enabled any regional development project. Efforts made to foster regional economic development through the creation of the National Agency for Regional Development, Regional Economic Development Agency and Regional Development Agencies in 2015 did not prove effective.

25 DCM no. 171, dated 27.3.2019 On the Approval of the Regulation “On the Conditions and Criteria of Activity Exercising of Beach Station”

26 However, it appears that the regulation has finally established a sound basis for conditions and criteria for beach development, enabling greater predictability for businesses and municipalities for local development. The regulation provides that contracts from municipalities may be concluded for a term of 1 to 5 years and in any case this process should be closed by March 31 of each year/season.

In 2018, these agencies were merged, and their functions were transferred to the Albanian Development Fund (ADF). ADF is the main instrument for carrying out investments²⁷, but municipalities have to compete to benefit from the grant.

The Municipality of Korça uses fiscal instruments as incentives for the business²⁸, such as the application of lower tariff rates within limits allowed by the applicable legislation.

However, municipalities do not have many instruments they can use to serve as incentives for the business. The law gives them the right not to impose taxes, but this option has not been considered by any municipality, considering their low income level.

An increase of internal capacity of the municipality and the creation of dedicated units to access funds (development partners, financial and non-financial institutions, and donors) and other resources would increase the effective role of municipalities as initiators, catalysts and drivers of local economic development in their communities. Collaboration with AIDA can be an important tool to maximise the potential for attracting investments.

Furthermore, another shortcoming relates to local assets, which, although seen as a source of income, for the most part, cannot be used

²⁷ According to the SSA report, 40% of investments by municipalities in 2017 are from RDF funds and in 37/61 central government investments on municipalities go up to 17 times higher than investments from municipal funds themselves. http://www.klsh.org.al/web/Raporte_te_Auditimeve_te_Performances_3218_1.php

²⁸ The Municipality of Korça imposes lower tariffs on businesses as a form of incentive for increasing employment as per the following scheme: 20% reduction for businesses with more than 20 employees, 50% reduction for businesses with more than 50 employees, 100% reduction for businesses with more than 100 employees. Exemption for new startups from local tariffs for 1-year period.

by municipalities as they either do not own or own assets in their territory, but ownership of central institutions. Thus, municipalities have limited access to operate on their territory. Thus, **municipalities have limited access to operate in their territory. This is a problem raised during meetings in the Municipality of Shkodra and also in other previous IC analyses.**

From the point of view of consulted companies, municipalities need to be consistent in their priorities and decision making, enabling them to solve 2-3 key problems by allocating all-sufficient funds at once, rather than making partial, regional and local investments that do not guarantee consistency. Main references in this regard were made for investments in local infrastructure in industrial areas, e.g., from businesses in the Municipality of Shkodra or other municipalities.

Although municipalities have very little competence at their disposal to provide tangible incentives to businesses in their territory, generally, municipalities choose to impose the minimum taxes provided by the framework laws. For example, in many municipalities where the construction intensity is low, it has been chosen to apply as infrastructure tax, the minimum required by Law 9632, dated 30.10.2006, at the rate of 4% of the investment value (Shkodra, Korça etc.).

TEDA – Project of the Municipality of Tirana as a real opportunity for sustainable economic development

The Municipality of Tirana intends to create a Technology and Economic Development Area (TEDA) of western standards with priority in industries of technological character such as the industry of automobile, ICT, and electron-

ics²⁹. The creation and operation of this Area (TEDA Kashar) aim to create a special territory with a highly facilitated fiscal and customs regime to promote economic activity and promote investment, job creation and income

growth, accelerating regional development and expansion of economic links between national and international markets, the introduction of advanced technology and acceleration of goods and capital flow³⁰.

³⁰ Greenfield – personalized at the core. Unlike other economic areas in the territory of Albania, TEDA Kashar is Greenfield, thus creating an opportunity for personalised buildings depending on the specific capacity of the investor. The selected area is about 50 hectares, while the whole field is 150 hectares.

Infrastructure adapted to necessary capacity. A specific factor that determines the destination of investment is infrastructure. The area developer, in this case Municipality of Tirana, is responsible for deploying the necessary infrastructure within the boundaries of the designated area. Being also a project of public benefit, it is the duty of the central government to provide the infrastructure outside the boundaries of the area. A strategic location. One of the key determinants of success for an economic area is location. Tirana is located at the heart of the country, and it is strategically connected via good road networks with the country's borders, regional markets and beyond. There are about 3,719 km of roads, where national primary roads are paved as per international standards, and logistically linked to key Eastern European corridors. Workforce with high potential. The metropolitan area between the two main cities of Albania, Tirana and Durrës, where TEDA will be implemented, represents almost 40% of the total population, 63% of national production and 50% of domestic enterprises, creating one of the most important economic clusters in Albania.

²⁹ Sustainable Development Strategy 2018-2022, Municipality of Tirana - https://tirana.al/uploads/2019/3/20190304142936_szhqbt-2018-2022-30-e-miratuar-per-ëeb-finale.pdf -

RECOMMENDATIONS

1. LEGAL

RECOMMENDATION 1.

Harmonisation of legislation in the area of local taxes and tariffs with the new legislation on local self-government.

Precisely, Law No. 9632 dated 30.10.2006 "On the Local Tax System" (as amended) should be harmonised with Law no. 139/2015 "On Local Self-Government" and Law no. 68/2017 "On the Finances of Local Self-Government". To this end, it is necessary:

- a. Repeal of the Article 22/5 paragraph 2 in Law no. 9632 dated 30.10.2006 with content "On Tax of the Building," as per disposition of this law, can be collected through tax agents, which have territorial spread, the electronic database for the generation of liabilities and authorised by Decision of the Council of Ministers in accordance with the legislation in force on tax procedures. The Council of Ministers also deter-

mines the extent of the benefit of the authorised agent on the income received from the building tax.

- b. Specification of the category on the fee for the transfer of the right of ownership of real estate for individuals, natural and legal persons, whether national tax or local tax.

In light of frequent changes introduced by Law No. 9632 dated 30.10.2006 "On the System of Local Taxes and Tariffs" being changed 17 times in total for only 39 articles, in the longterm it is recommended to draft a new and comprehensive law to guarantee the unity of legal norms and their coherence in the longterm.

RECOMMENDATION 2.

Implementation of the legal obligation under Article 25 paragraph ç) of Law 68/2017 to allocate 2% of personal income tax revenues to local self-government units.

MFE to specify Tax breakdown formula for each municipality.

2. TRANSPARENCY AND FISCAL EDUCATION

RECOMMENDATION 3.

Publication and increase of transparency on local taxes and fees for businesses through:

1. Notification and dissemination of information on local taxes and fees and procedures for their payment in easily accessible means of communication: e.g. notifications to the online local tax and tariff account, notices by e-mail, website.
2. Publication of annual DMCs on taxes and fees in an integrated and consolidated manner;
3. Municipalities to take measures for real-time publication of DMCs on the existing online platform (vendime.al) and in pertinent sections on their own websites.

RECOMMENDATION 4.

Prepare, make public and easily accessible a special section on administrative grievance procedures in local government units.

1. Standard models of the Tax Notice of Valuation provide in particular: a) the taxpayer's right to appeal; b) modes of complaint; c) the time limit within which the complaint must be made; (d) the structure responsible for examining the administrative complaint; and (e) a link to detailed information on the rights and obligations of the parties for an effective administrative complaint procedure.
2. The review structure of administrative complaints, including competencies, the legal basis of its functioning and the final deci-

sions on administrative complaints, should be made public (anonymising personal data in these decisions) to enable the unification of practices and transparency for all involved parties.

RECOMMENDATION 5.

Preparation of a National manual for the tariff-setting process in cases where this is missing.

In designing the guideline/methodology as well as setting the tariffs, the relevant MC shall take into account the provisions of the law that the tariff should be oriented to cover the cost of the service provided. *The methodology should not influence on the principles of local autonomy provided by law* but should set some standards on the reasoning for determining the level of tariffs and on the reasoning for differentiating between taxpayers who are subject to different levels of the same tariff.

RECOMMENDATION 6.

Municipalities should enable real-time updating of liabilities paid and/or carried forward by businesses and the information on the business (administrator). This would allow better coordination:

1. In cases of freezing/unfreezing bank accounts of taxpayers in commercial banks.
2. In the case of valuation/calculation of local taxes and tariffs for taxpayers during the liquidation period.

In view of the above, it is suggested to create an online communication interface among relevant electronic systems for the exchange of information. Fundamental is also the unification of the electronic format for the blocking orders.

RECOMMENDATION 7.

Municipalities should make transparency on the methodology of setting and calculating fees on services provided, for example, methodology on cleaning tariff.

3. SERVICES**RECOMMENDATION 8.**

Setting/Increase of standards on local services. Central and local government to implement:

1. Minimum standards of service delivery at a national level;
2. A system for measuring performance at the municipal level in relation to the provision of services to citizens/businesses based on concrete indicators.

RECOMMENDATION 9.

Digitisation of administrative services at the local level in the context of deregulation reform.

1. Online submission of notification on Local Tax Payment through electronic systems that should be made applicable in all municipalities in the country.
2. Simplification of procedure and documentation required from businesses for registration in the local tax office, e.g. ease the businesses burden in obtaining documents that can be exchanged among state offices themselves.

4. ECONOMIC DEVELOPMENT**RECOMMENDATION 10.**

Creation of functional local and regional cooperation platforms for economic

development at the local and regional level, with the participation of LGUs, businesses, community, financial institutions, etc. Reference could be made on two platforms functioning in the Municipality of Shkodra and Municipality of Vlora³¹.

RECOMMENDATION 11.

Increase transparency on the decision-making process of municipalities regarding local development projects and programmes through their periodic and preliminary publication so that businesses can prepare in time their business plans. It is important to publish a “passport of potential investments” on the municipalities’ website with accurate data on the labour force, its qualification, and all other factors that influence the attraction of investments.

RECOMMENDATION 12.

Registration in the National Agency of Cadastre of immovable properties under the administration of municipalities.

Publication of municipal assets, transparency on the transferring and registration of these assets, as well as making them available for use in support of economic development and income generation.

RECOMMENDATION 13.

The process of transferring functions already initiated to the municipalities, including a clear definition of functions and competencies in the legislation and respective association with the appropriate financial package, should be completed. (the exercise of these functions by local

³¹ https://teuleda.org.al/?page_id=1152 / http://www.auleda.org.al/auledaphp/about_board_members.php

governments has been associated with problems related to the financial inadequacy of the provision of these services to the standards set out in the relevant legislation (e.g. Fire and Rescue Law sets some standards that are impossible for municipalities to meet with the current funds transferred from the central budget).

RECOMMENDATION 14.

Implementation of TEDA project in the Municipality of Tirana and replicating the model in other regions/municipalities with concrete economic development plans.

RECOMMENDATION 15.

Implement and intensify Municipality-Business consultations to address and analyse sustainable economic development.

RECOMMENDATION 16.

Capacity building of municipalities on the qualitative preparation of periodic financial reporting and their publication. This is a must for attracting potential investors and transparency towards the community, and it would serve to examine the efficiency of each municipality’s work and increase lending opportunities for municipalities to boost investment and economic growth.

ANNEX 1

CONTEXT ON FUNCTIONAL, LEGAL AND INSTITUTIONAL DYNAMICS

FINANCIAL RESOURCES OF MUNICIPALITIES

1. Taxes, Fees and Other Local Income:

a) Local Taxes

Local Taxes are set by law, while the Municipal Council has the right to impose a temporary tax on the provision of specific public services and investments but for a specific period of time.

The types of local taxes are defined below:

- » Tax on Immovable Property includes
 - o a tax on buildings
 - o a tax on agricultural land
 - o tax on urban land, as well transactions conducted on them
- » Infrastructure Tax on new buildings
- » Hotel Accommodation Tax;
- » Tax on Billboards;
- » Temporary Local Taxes, imposed as provided by the law;
- » Local taxes on the economic activity of small businesses;

- » Taxes on personal income, taxes on revenues derived from donations; inheritances, testaments, and from local lotteries;
- » Other taxes defined in law.

The council of the local self-government unit has the right to impose temporary taxes for the provision of specific services and public investments for a limited period of time.

b) Local Fees

Local self-government units have the right to set fees for a service that these units provide or for a right granted to individuals, natural and/or legal persons, and the level of the fee is oriented towards covering the cost of public service provided by the LGUs.

The council of the local self-government unit sets the levels of local tariffs, the types of which are listed below:

- » Fees for the occupation of public space
- » Fees for the waste collection and disposal
- » Fees for water supply and sewerage systems

- » Fees for irrigation and drainage;
- » Fees for administrative services provided, including licenses, permissions, authorisations, etc.
- » Temporary fees, in accordance with circumstances set by law
- » Other fees for local services, as approved by the council of the local self-government unit;
- » Other fees, as prescribed in law.

c) C. Other Revenues

Municipalities can generate income from assets and economic activities as well as from donations.

In the following file are presented Taxes/Tariffs applied in the municipalities of Tirana, Shkodra, Korça and Elbasan, in effect till the end of 2019. Source of information: municipalities' website.

d) Transfers from the state budget and other transfers

LGUs receive unconditional and conditional transfers from the central government and part of national tax revenue. LGUs have full autonomy in the use of unconditional transfer and shared taxes, while the conditional transfer is used to the end and in the manner specified by the entity providing the transfer.

- » *Unconditional transfers* from the State Budget are given to LGUs to finance the exercise of their functions and competencies as provided by law. The total amount of the unconditional transfer may not be less than 1% of annual GDP and, in no case, less than

the previous year's amount. Separation by municipalities is done according to the formula approved by law, taking into account the resident population in the territory of the municipality, the density of the population in the territory and the number of students in pre-university education.

- » *Shared Taxes* - According to the legal provisions, LGUs receive a percentage of the national taxes incurred in their jurisdiction. The national taxes shared with local government units are:

- 97 percent of the income from the transfer of property tax on immovable property to individuals, natural and legal persons;
- 5 per cent of the annual tax revenue for the used vehicle turnover;
- 5 percent of royalty income;
- 2 percent of personal income tax income

- » *Conditional transfer* is provided for:

- delegated functions of LGUs;
- special projects, considered of local, regional or national interest, which require cooperation with the local self-government

- » *Specific transfers* are given for:

- financing new functions transferred to LGUs
- financing of services in case of emergencies or similar situations of national interest, where cooperation with local self-government units is required

e) E. Local borrowing

Municipalities have the right to borrow short-term and long-term loans.

2. Municipal financial resources are improved but still insufficient

increased transparency through publication, are essential to spur economic development at the municipal level.

LDPs should be implemented in synergy with the Strategic Development Plan of LSGUs³⁷.

STRATEGIES AND LAWS

1. National Cross-Cutting Strategy for Decentralization and Local Governance 2015-2020

The strategy summarises the vision of local self-government and the decentralisation process³⁸. It was adopted shortly after the approval of Law 115/2014, “On the administrative-territorial division of local government units in the Republic of Albania”.

The main pillars of objectives identified by the strategy were as follows:

1. Increasing the efficiency of local self-government structures:

- (a) Territorial consolidation of the first and second-level of the local government units;
- (b) Finalisation of the decentralisation process for shared and delegated competencies. The strategy also mentions the financial support that will be given to local government units when the latter are unable to meet the required national standards;
- (c) Review of competencies under shared functions will be harmonised and coordinated with the reformation of the second tier of local governance and deconcentrated bodies at the regional level as well as with the regionalisation process.

³⁷ Article 32 of Law no. 68/2017 “On Local Self-Government Finances”

³⁸ Decentralization reform has been launched since 1999 based on the European Charter of Local Self-Government (1999) and the National Decentralization Strategy (1999)

2. Strengthen Local Finances and Increase Fiscal Autonomy

- (a) Fiscal decentralisation reforms create opportunities for local governments to have more financial resources. To achieve this objective, important legal initiatives were designed, including the elaboration of a new integral law on the local government funding, development of a new fiscal decentralisation package that will apply the concept of national tax sharing and improve the criteria for the allocation of grant transfers to the local government units.

- (b) Foster sustainable local development aiming to establish a new harmonised model of socio-economic and territorial to reduce disparities in the development of various areas and territories of the country and support the local government initiatives for local development.

3. Strengthen Good Governance at the Local Level

- (a) Enhance transparency and increase participation of the community, business and civil society in the public decision-making at the local level. The legal framework will be revised, and a special “performance monitoring system” will be developed as a mechanism to guarantee the accountability of the public administration and ensure efficient delivery of services at the local level.
- (b) Empower the local administration. The main goal in advancing the public administration reform at the local level will be the development of a non-bureaucratized, professional and transparent public administration, which is politically unbiased, able to respond to the expectation of the business and the community for public services and with the ability to handle the challenges brought forth

by the European integration of the country and the absorption of EU funds, in full respect of the standards, which will also be the priorities of the public administration reform at the local level.

- (c) Improve institutional relations between the local and central governance. Formal and functional mechanisms of the inter-institutional dialogue between the local and central government will be established. Decision-making of local impact will have greater inclusiveness and will follow extensive consultation with its representatives of local government units.

To implement the strategy, over 150 measures were identified in the frame of the detailed action plan for the period 2015-2020, most of which relate to the review and adoption of the full legal package related to local self-governments.

Summarised and for purposes of this analysis, here below are listed only the main laws³⁹:

2. Law No. 139/2015 “On Local Self-Government”

This law established the new normative framework for the organisation and functioning of local governments with new functions and competencies⁴⁰. According to this law, local self-government units are organised only at 2 levels, municipalities as the first and basic level of local self-government and counties as second-level units, thus eliminating communes as administrative units at the local level.

³⁹ The scope of laws and bylaws related to local self-government are also found in other laws such as: Law No. 9936, dated 26.6.2008, on the Management of the Budgetary System in the Republic of Albania (as amended) or Law no. 9975, dated 28.7.2008 On National Taxes as amended.

⁴⁰ This law replaced and abrogated Law No. 8542 dated 31.07.2000 “On the organization and functioning of the local government”

The law defined a broader area of new competencies and functions for municipalities, avoiding common functions and sanctioning for the first time the concept of taxes and tariffs separated as categories from national sources of revenue. The new functions allocated to the municipalities are:

- (a) Management of forests and pastures
- (b) Maintenance of rural roads
- (c) Irrigation and drainage infrastructure
- (d) Fire and rescue protection
- (e) Management of social centres
- (f) Support staff for the pre-university education system
- (g) Teachers and support staff in the pre-school education system

One of the novelties of the law are the provisions of Chapter VI, which set out some fundamental principles regarding transparency and public participation in the decision-making process of the municipality⁴¹ by making prior consultation with the public mandatory.

On the other hand, the consultation between the central government and local self-government units was envisaged as an obligation for the policies, legislation and norms that regulate and have a direct impact on the exercise of the rights and functions of these units⁴².

3. Law no. 68/2017 “On Local Self-Government Finances”

Law No.68/2017 was adopted with the aim of achieving the following objectives:

1. Strengthening financial autonomy by establishing the principles of local fiscal autonomy

⁴¹ These provisions are also in line with the principles and provisions of the Code of Administrative Procedures adopted by Law No. 44/2015.

⁴² Article 12/1 of the law.

- my, increasing unconditional transfers and linking its annual size to a macroeconomic variable such as 1% of GDP, which is expected to increase significantly income, stability and predictability of funds available for local government; and sharing, for the first time, 2% of Personal Income Tax (TAP) revenue with local government.
2. Strengthening fiscal discipline by establishing principles, rules, processes and procedures for drafting, consulting, approving, publishing, implementing, reviewing the annual and mid-term budgets of the local self-government unit (e.g. Articles 33 et seq.); by establishing rules and procedures for managing situations of financial hardship and insolvency (e.g. Articles 55 et seq.).
 3. Increase transparency by incorporating legal requirements for transparency and the need to engage citizens in decision-making during the process of drafting, implementing and monitoring strategic planning documents, budgeting and management of local public funds in general.
 4. Unification through harmonisation of processes and procedures for the local budget with the central budget⁴³ and drafting the definitions of this law with other laws, such as the law on managing the budget system in the Republic of Albania, the law on financial management and control, etc.
 5. Strengthen intergovernmental dialogue by defining processes and instruments for consultation and dialogue between central and local government, on the transfer of powers and functions, sources of funding and intergovernmental fiscal relations in general (e.g. Article 9,

which confirms Local Government Consultative Council with Local Government as the official forum for prior consultation of measures affecting local self-government units).

Legal novelties:

1. Law No.68 / 2017 is acknowledged to provide a detailed legal framework for finance at the local level⁴⁴. This law lists in detail and nominally local taxes and fees, as well as taxes that are split between central and local government⁴⁵.
2. Whereas paragraph 4 of Article 25 also embodies the principle of fiscal decentralisation, according to which: *“In cases of changes in fiscal policies affecting the actual shares and the type of shared taxes, local self-government units shall be financially compensated in accordance with their loss in revenue.”* Law No .68/2017, for the first time, also establishes specific rules regarding the imposition of temporary taxes by local government units (e.g. Article 13)⁴⁶ by clarifying the elements of the provisional tax and expanding its concept provided in Law No. 9632 dated 30.10.2016 “On the Local Tax System” (as amended).

Unified Mid-Term Budgeting System

44 “Local Government in Albania - Report on the Current Situation” - Tirana 2019

45 2. The following national taxes are shared with local self-government units

- a) 97% of revenues from the property transfer tax imposed on individuals and physical and juridical persons.
- b) 25% of revenues from the used vehicle circulation tax
- c) 5 % of revenues from the mineral rent as sanctioned in the law “On National Taxes”;
- d) 2% of the yield of the Personal Income Tax

3. Revenues generated from shared taxes are transferred to the municipal budget within the last day of the subsequent month.

46 2. The establishment of a temporary tax shall be preceded by the development of a plan that, as a minimum, clearly indicates the following:

- a) the specific service or public investment that shall be

For the implementation of the law were prepared the respective by-laws (DCMs and instructions) and only two others which relate to the external audit of the local self-government units and the preparation of the register of natural and legal persons obliged to pay local taxes and fees, are still pending.

3. Law No. 9632, Dated 30.10.2006 “On the Local Taxes System” (as amended)

Although the strategy provided for an integrated legal framework in the field of local taxation, it results that law no. 9632 remained in force even after the adoption of the new law no. 68/2017 “On Finances of Local Self-Government”. Both laws have an almost identical purpose, laying rules on how local government bodies exercise their rights and duties, local levy taxes, collect and administer them.

Law no. 9632, similar to law no.68/2017, provides for local taxes and tariffs—creating some overlappings with the latter, while in addition, it provides for some specific tax procedures related to the payment of local taxes and tariffs.

INSTITUTIONAL DYNAMICS

On the institutional level, the reform related to the system of local self-government was supported by the creation of a dedicated agency and the establishment of the Local Government Consultative Council with the Central Government. Given that the objective of the

financed from the temporary tax;

b) the duration of the temporary tax, which however, cannot exceed a period of three years from the entry into force, and the amount of revenue they expected to be collected;

c) the cost and timing for delivering the service or finalizing the investment, including the part that shall

be financed from the temporary tax and the municipal budget;

Secretariat’s analysis is not to directly focus on the role of these institutions or the proper fulfilment of their functions⁴⁷, the following is only synthetic information concerning these institutions:

1. Agency for the Support of Local Self-Government (AMVV)

The Agency is a successor institution of the Agency for the Implementation of the Territorial Reform (AZRT)⁴⁸. Some of the functions and competencies of the Agency are:

- (a) Support the Minister responsible for local affairs in coordinating the work on the implementation of general state policy in the field of decentralisation and local government;
- (b) Monitor the implementation of the Cross-cutting Strategy for Decentralisation and Local Government, 2015–2020, and the relevant action plan;
- (c) Regularly inform public institutions, stakeholders and citizens on issues related to local government;
- (d) Collaborate with the relevant structure of the ministry responsible for local affairs for the proposal and improvement of laws and by-laws in the implementation of the Cross-cutting Strategy for Decentralisation and Local Government, 2015-2020;

47 Specific findings and recommendations have been made on the role of these institutions in the context of the post-territorial administrative reform, in the Performance Audit Report “Functioning of Municipalities in the Framework of Administrative-Territorial Reform”, SAI, 2018, some of which are included in the section Findings of this analysis.

48 1 Created with DCM no. 83, dt. 28.01.2015 “On the Establishment and Functioning of the Agency for the Implementation of the Territorial Reform” whereas in DCM no. 11, dated 12.01.2018, some changes were made by changing the name to the Agency for Support of Local Self-Government. It is an institution subordinate to the Minister of Interior who is also the Minister responsible for Local Affairs

43 For the first time all municipalities will budget under a

- (e) Support the Minister responsible for local affairs for the creation and administration of a unique national system, with the aim of implementing delegated functions of local self-government;
- (f) Provide information on issues of local self-government for the purpose of coordinating central and local public institutions and compile reports, periodic analyses on these issues;
- (g) Provide legal and technical advice to local self-government units in the process of exercising their functions;
- (h) Serve as a centre for identifying and promoting best practices and/or recommendation models for local government issues.

2. Local Government Consultative Council with the Central Government⁴⁹

It is the main forum of consultative nature rather than a decision-making body, in which central government consults with local self-government units on draft laws, draft decisions of the Council of Ministers, draft policies and draft strategies that regulate or have a direct impact on the exercise of the rights and obligations of the local self-government unit. The subject of consultation between the central government and local self-government is also functions and/or powers delegated to local government, the transfer of new functions or competencies, and policy proposals on issues affecting local government interests, according to relevant legislation.

⁴⁹ Established on the basis on and Implementing Article 12 of Law 139/2015 with DCM no. 910, dated 21.12.2016 "On Issues, Object of Consultation, and Structure, Procedure, Form, Manner of Organizing and Functioning the Central Government Consultative Council with Local Self-Government"

BIBLIOGRAPHY

1. *Cross-cutting Strategy for Decentralisation and Local Government 2015-2020*
2. *Monitoring Report of the Cross-cutting Strategy for Decentralisation and Local Government 2015-2020*
3. *Law 139/2015 "On Local Self-Government"*
4. *Law 68/2017 "On Finances of Local Self-Government"*
5. *Law 9632/2006 "On the Local Tax System"*
6. *Law 9975/2008 "On National Taxes"*
7. *Law 9936/2008 "On the management of the budget system in the Republic of Albania"*
8. *Practical Manual on Fiscal Administration Procedures in Local Self-Government Units - UNDP 2019*
9. *Local Public Finance Annual Report, 2018, Ministry of Finance and Economy*
10. *Fiscal Decentralisation Indicators for South-East Europe, NALAS December 2018*
11. *Local Government in Albania, Albanian Association of Municipalities, 2019*
12. *Municipality of Tirana, Sustainable Development Strategy 2018 - 2022*
13. *Domestic Tax Appeal - USAID Guide 2018*
14. *Public Expenditure and Financial Accountability (PEFA) assessment of Berat Municipality, Albania*
15. *Public Expenditure and Financial Accountability (PEFA) assessment of Tirana Municipality, Albania*
16. *Public Expenditure and Financial Accountability (PEFA) assessment of Tropojë Municipality, Albania*
17. *Public Expenditure and Financial Accountability (PEFA) assessment of Fier Municipality, Albania*
18. www.financa.gov.al
19. www.financavendore.al
20. www.vendime.al

