



ON SOME ASPECTS OF THE INVESTMENT CLIMATE BUSINESS PERCEPTIONS

Secretariat of Investment Council

December 2025

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OBJECT & METHODOLOGY

OBJECT

- ✓ Evidence of dynamics in:
 - tax administration
 - SMEs challenges in the context of EU integration

METHODOLOGY

- ✓ Structured questionnaire sent online to businesses as per Secretariat database
- ✓ In collaboration with AIDA, WECA, CCI Tirana, Confindustria Albania
- ✓ Anonymously completed online questionnaires (188 businesses)
- ✓ The survey includes data reported during the period September - November 2025
- ✓ The data analysis also includes comparisons of data with survey results in previous years (where possible)



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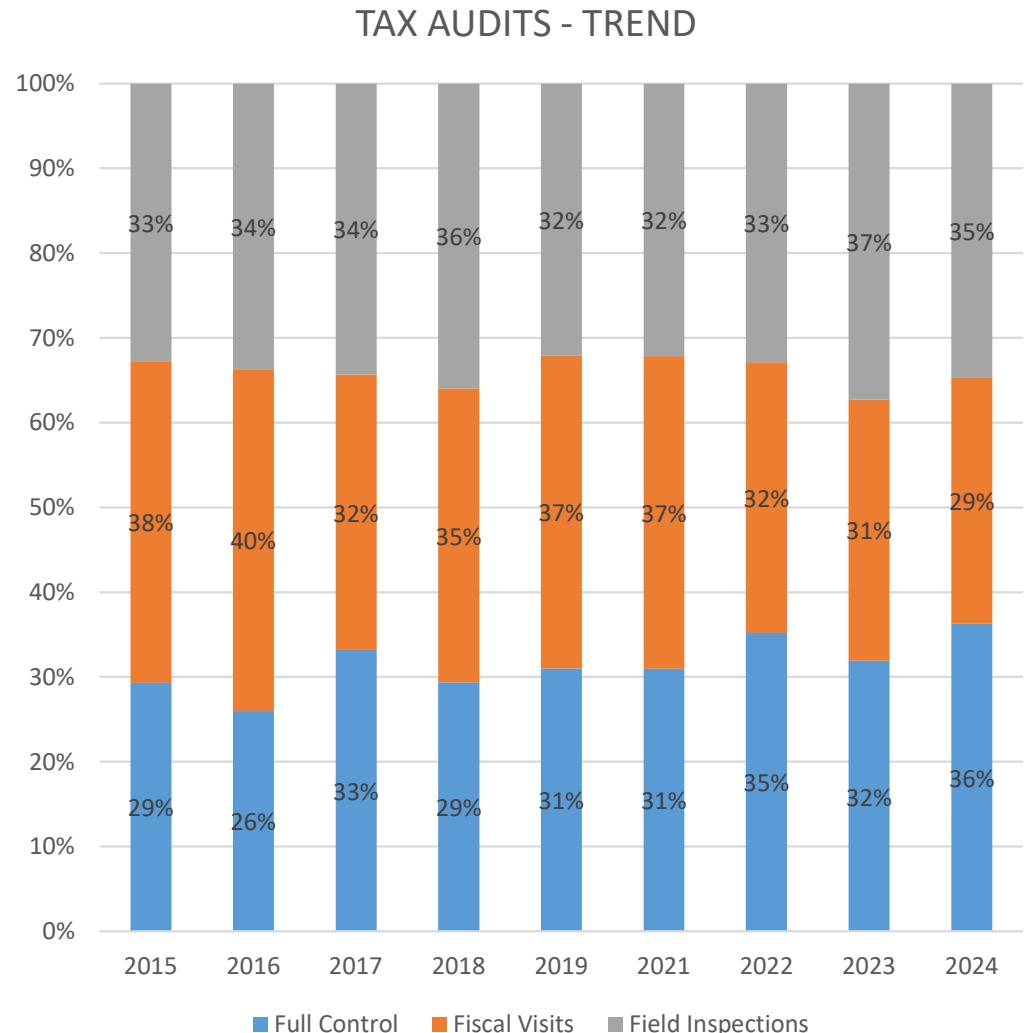
II. Tax Audits, Information and Communication with the Central Tax Administration

BUSINESS ON RELATIONS WITH THE CENTRAL TAX ADMINISTRATION

- *Businesses note an improved relationship with the Central Tax Administration:*
 - *The types of tax audits show a consistent pattern, creating a sense of predictability for businesses..*
 - *Audit team professionalism is improving but remains below the 2017–2018 peak, indicating progress and remaining potential.*
 - *Tax reports are considered clearer in their content, format, references, and conclusions, marking progress relative to 2019–2022. Nevertheless, like audit team professionalism, the higher standards of 2017–2018 continue to serve as a benchmark that has not yet been fully met.*
 - *More businesses are participating in fiscal legislation training.al.*
- *Digitalization is perceived as a beneficial development, especially with respect to data reliability, accessibility, and quality. These improvements strengthen the efficiency of business–administration interactions and play an essential role in fostering transparency, clarity, and professionalism.*
- *Appeals show a stable overall trend, but there is a noticeable increase in decisions favoring businesses. This may indicate greater professionalism within appeal bodies, the correction of previously unfair decisions, or improved capacity among businesses to present their arguments—supported by better training and clearer guidelines.*
- *Despite improvements within the administration, the judiciary remains the most problematic area, characterized by legal uncertainty, lengthy procedures, and complex legislation.*

TAX AUDITS (2015-2024)

Between 2015 and 2024, the overall distribution of control types has remained consistent; however, full controls have increased relative to fiscal visits.

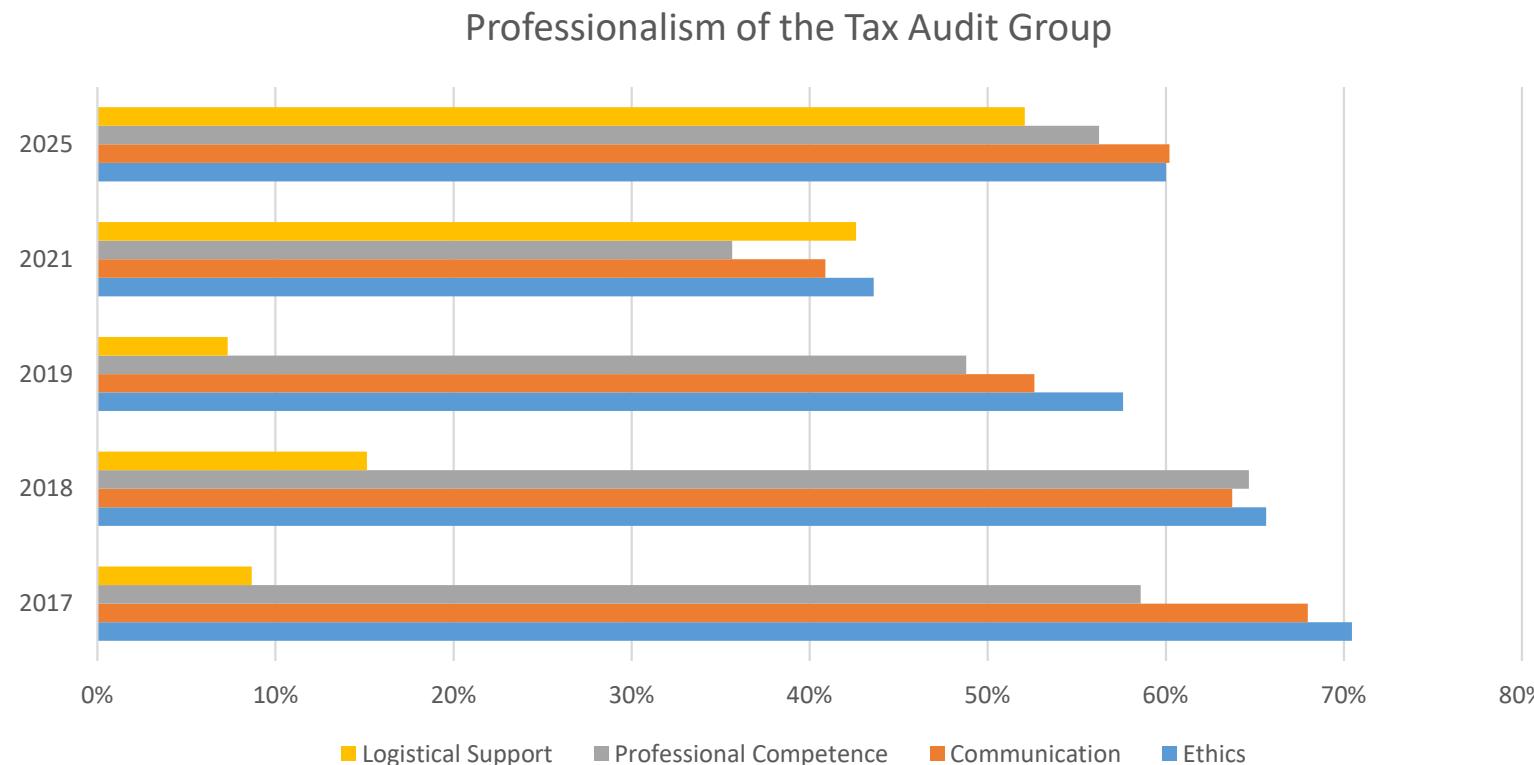


TAX AUDITS (2015-2024)

PROFESSIONALISM OF INSPECTORS (2017 – 2025)

Please give your assessment of the professionalism of the group of tax inspectors who inspected your company.

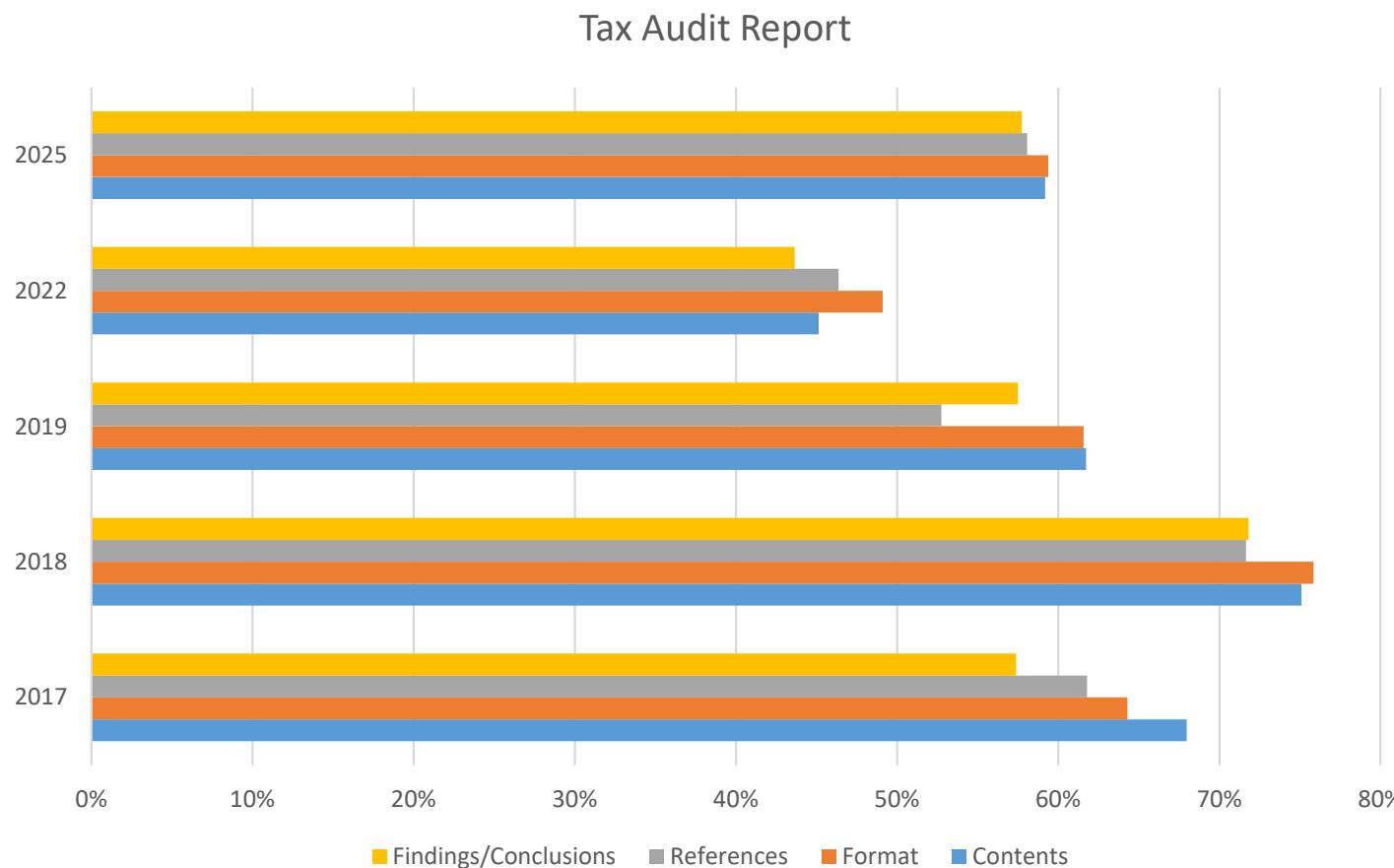
While the professionalism of audit teams has improved relative to recent years, it has not yet reached the higher standards observed in 2017–2018. This indicates ongoing advancement, alongside untapped potential for restoring previous benchmarks of performance.



TAX AUDITS (2015-2024)

CLARITY OF THE TAX REPORT
 2017 – 2025 Please rate the clarity of the Tax Audit Report issued after a Tax Audit.

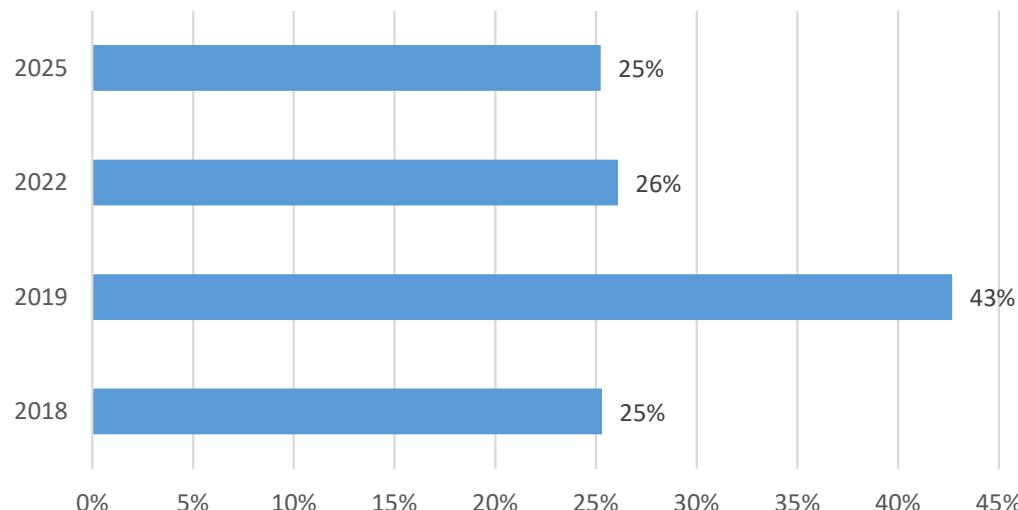
Tax reports are regarded as clearer in terms of content, format, references, and findings, showing improvement over the 2019–2022 period. However, as with professionalism, the higher standards of 2017–2018 remain an unmet benchmark.



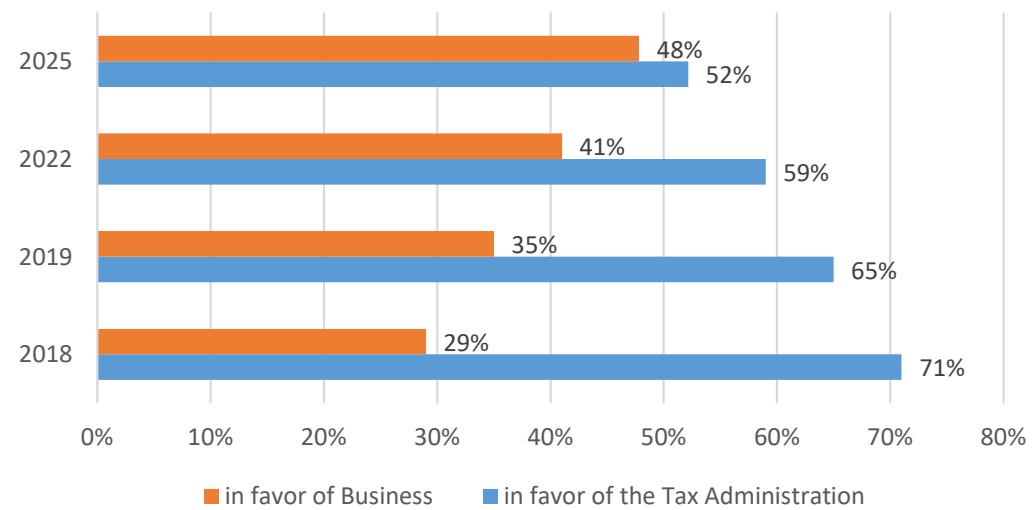
TAX APPEALS 2018 – 2025

Have you appealed any of the tax audit decisions? If so, was the tax appeal decision in favor of the tax administration or your business?

Appeals against tax audit decisions



Appeal decision

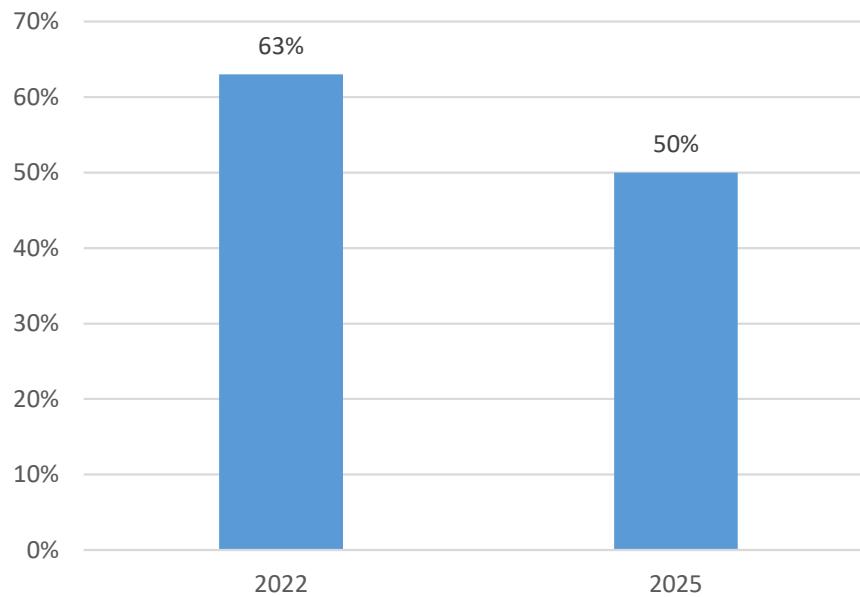


Apart from 2019, appeals have shown a stable trend over the years.

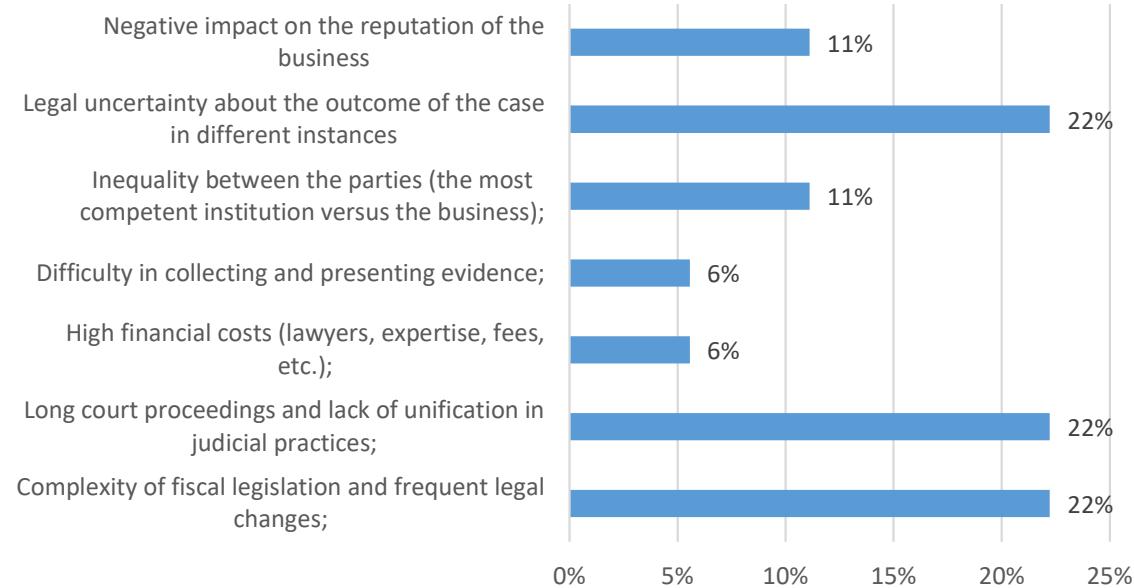
Meanwhile, there is an increasing trend of appeal decisions in favor of businesses.

LAWSUITS FILED

Have you appealed the decision of the tax appeal body to the administrative court?



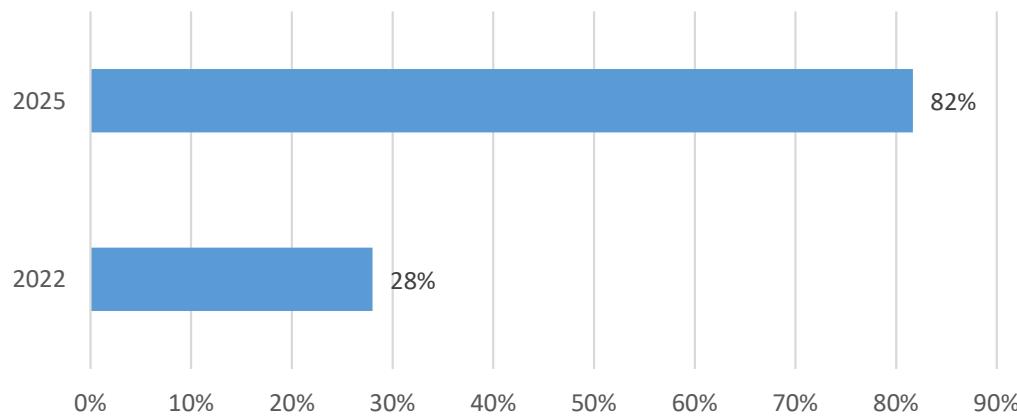
Which of the following do you think are the most common that a business encounters when handling its matters with fiscal institutions in court?



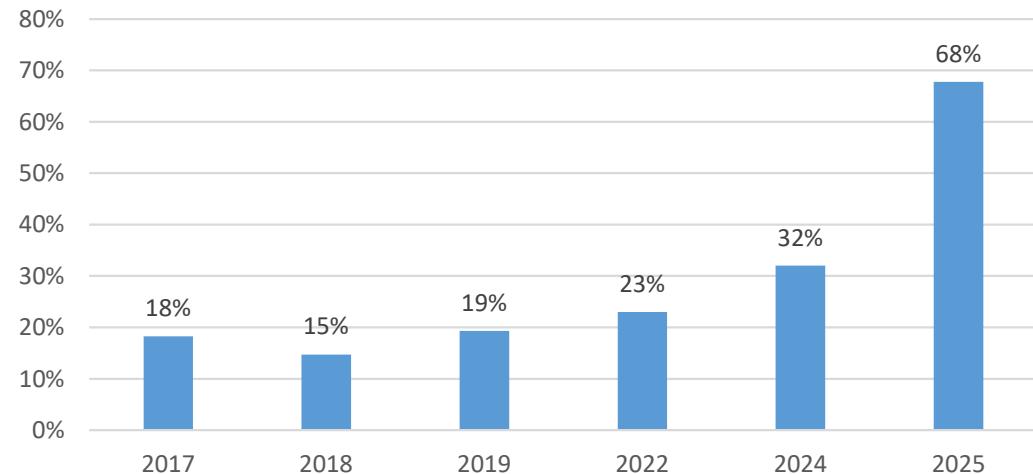
There has been a decline in appeals to the administrative court compared to 2022. The most common challenges faced in the judiciary include legal uncertainty, lengthy court procedures, and the complexity of fiscal legislation.

FISCAL TRAININGS

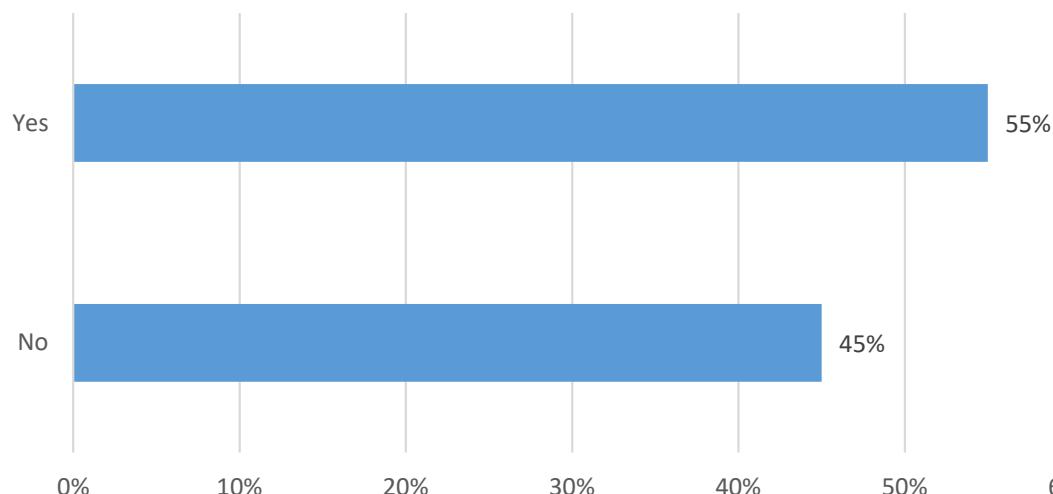
Participation in training sessions provided by the GDT on the implementation of tax legislation on the fiscalization process?



Participation in training sessions provided in recent years by the GDT on the implementation of tax legislation?



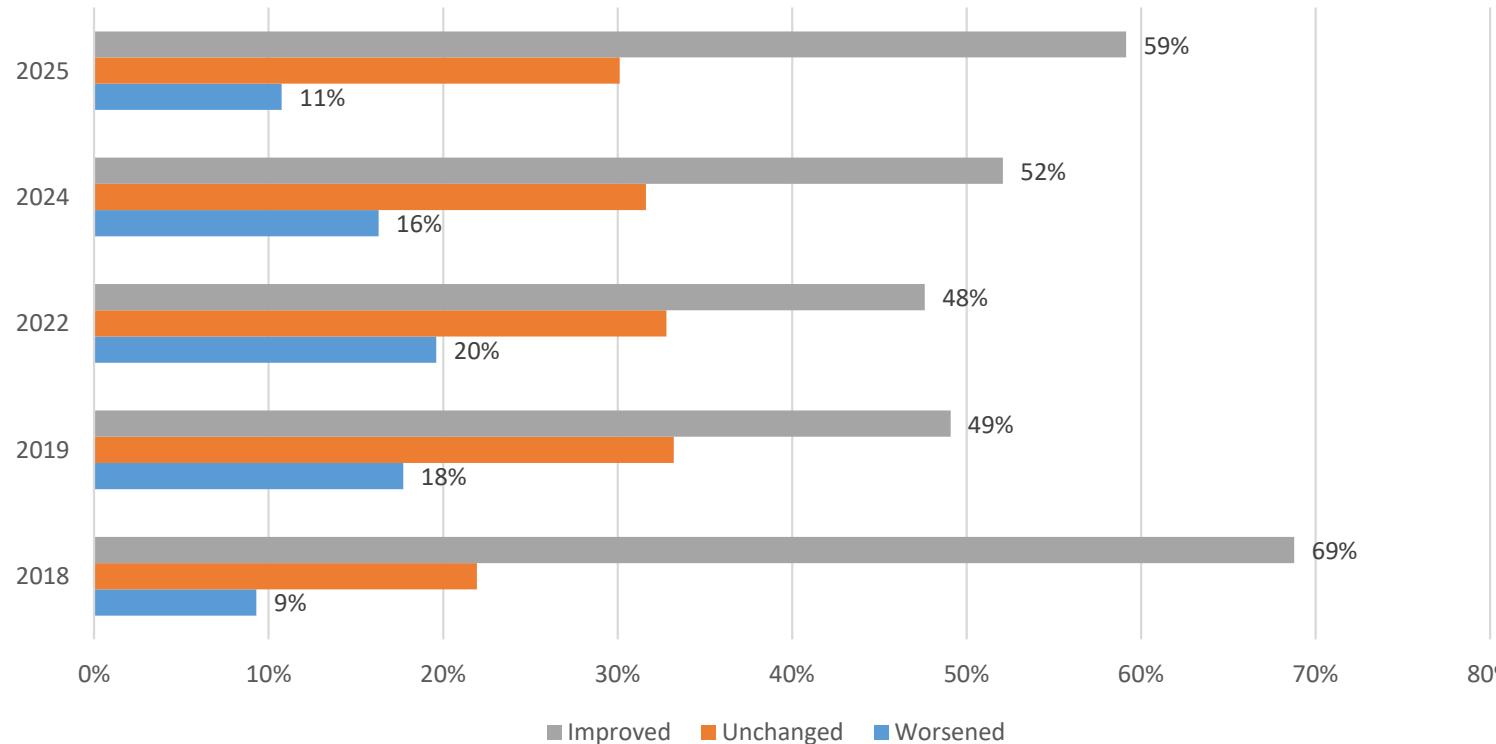
Have you participated in training sessions from the Tax Administration on the implementation of the new income law?



"Participation in training has been increasing, particularly in areas related to the implementation of tax legislation, with a specific focus on fiscalization and income law."

COMMUNICATION WITH THE TAX ADMINISTRATION

How would you assess the change in tax administration communication in the last two years:

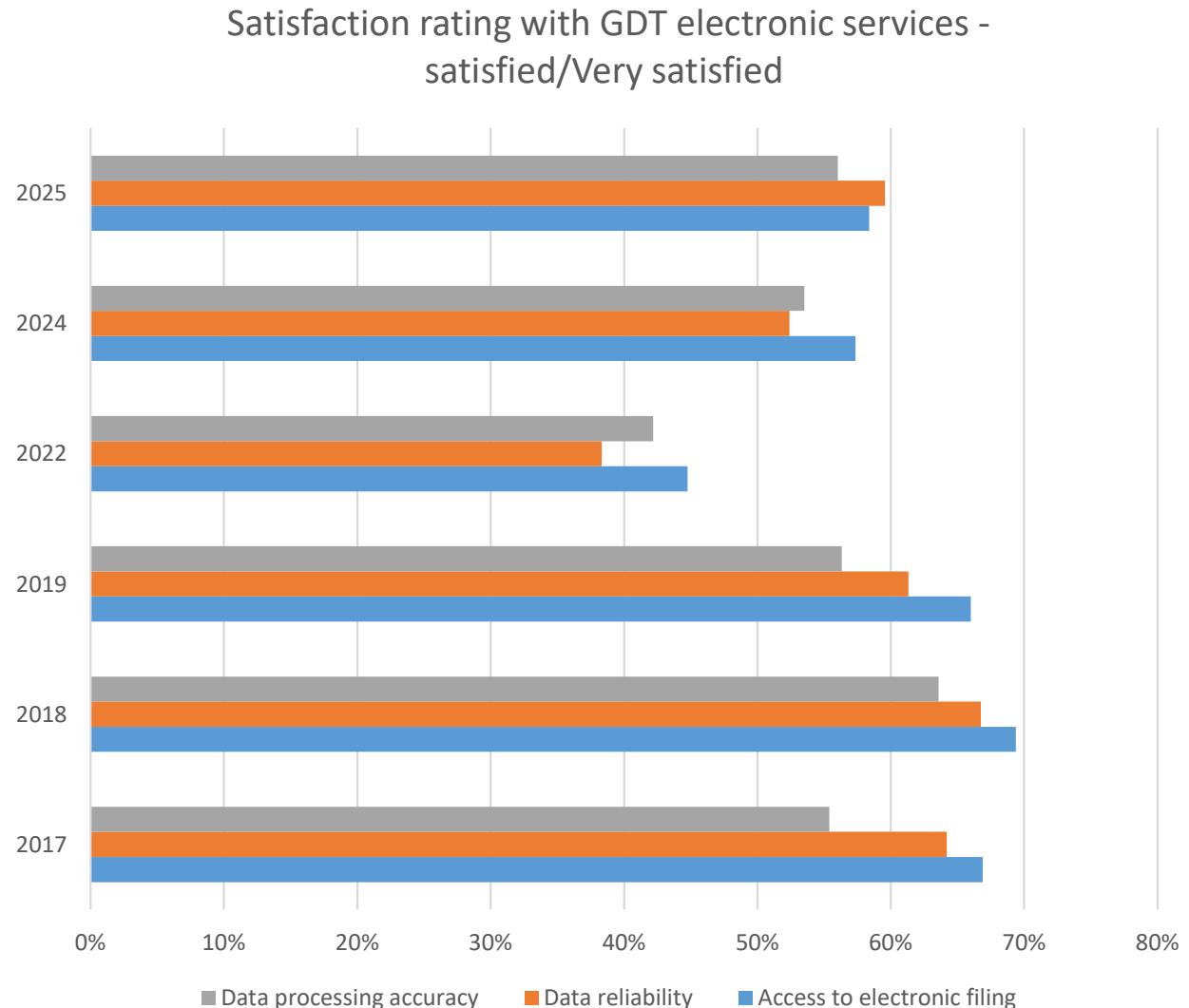


In 2025, 59% of businesses believe that communication with the tax administration has improved, marking an increase compared to 2019–2024, though still lower than the perception recorded in 2018.

DIGITALISATION ON TAX SERVICES

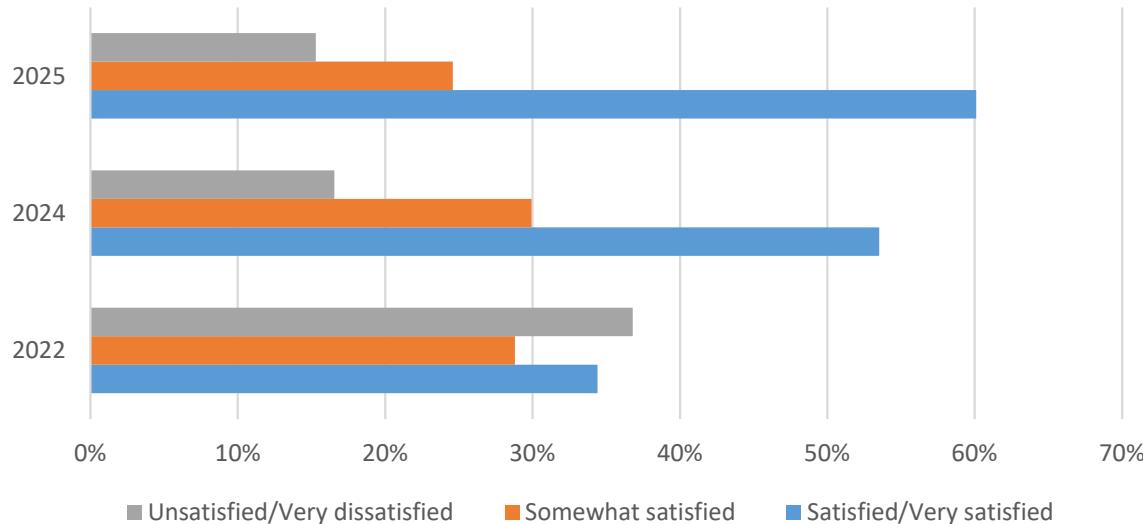
2017 - 2025

Since 2022, there has been a positive trend in data reliability, accessibility, and quality, although these levels remain lower compared to the period 2017–2019."



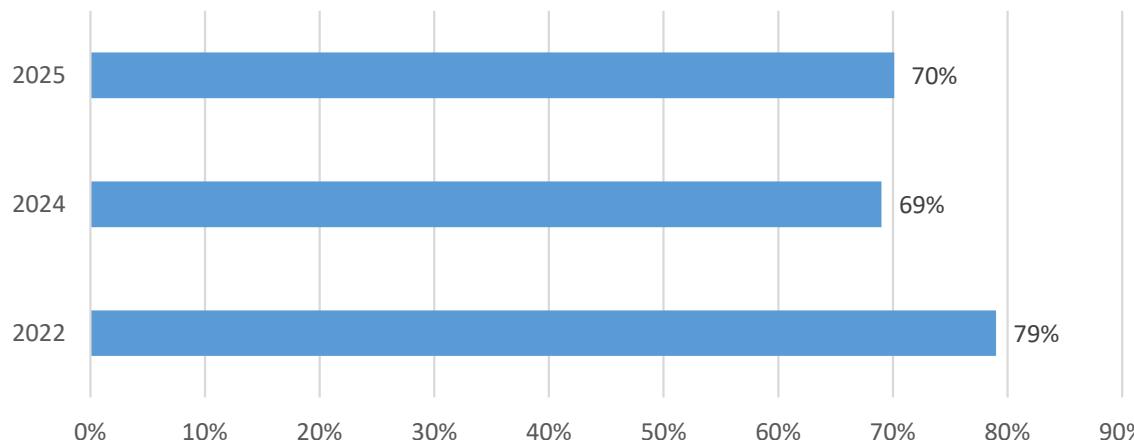
FISCALIZATION 2022 – 2025

Rating of satisfaction with the customer service provided regarding the fiscalization process



In 2025, businesses report an improved perception of customer service satisfaction in the fiscalization process; however, 7 out of 10 companies still believe that the introduction of a call center is necessary.

Do you think that the fiscalization process needs the establishment of an electronic telephone service (call center)?





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III. VAT REFUND

BUSINESS ON VAT REFUND

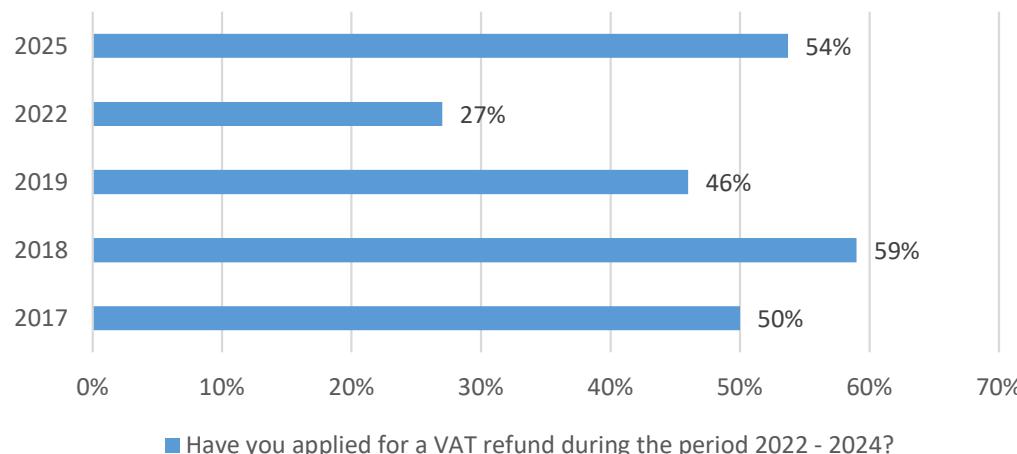
- *Approximately 50% of companies eligible for a VAT refund choose to apply for it, indicating a moderate level of trust in the system. This suggests that a portion of businesses remain hesitant to participate, primarily due to concerns regarding trust and the complexity of the electronic application procedure.*
- *For companies that submit applications, the refund process is highly effective, with 9 out of 10 companies successfully receiving a refund. This high success rate contrasts with the lack of trust cited as the primary reason for not applying, indicating that perceptions do not align with the actual effectiveness of the process.*
- *Refunds are mainly obtained after a tax audit, but since 2022 there has been a significant increase in cases of automatic refunds from the system. This shows that the administration is moving towards automation and trust, which is directly related to increased trust in the process.*
- *Compared to 2022, trust in the digital reimbursement platform has increased significantly, with 7 out of 10 companies reporting that the platform has facilitated the process. This demonstrates that digitalization is a key factor in reducing administrative barriers and enhancing the overall business experience.*

VAT REFUND

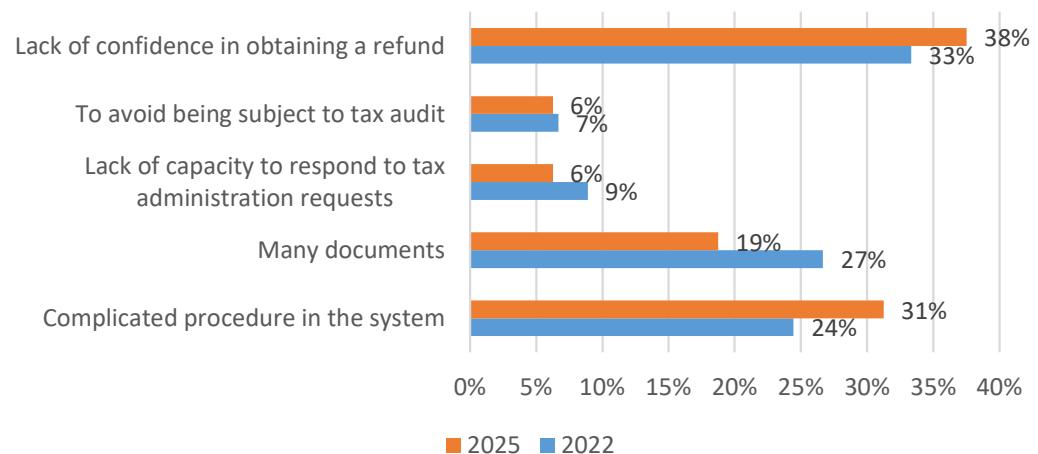
It is considered a trend that generally 1 in 2 companies subject to VAT refund (excluding 2022) apply to benefit from VAT refund.

Lack of confidence in obtaining a refund and the complicated procedure in the system are the two main reasons for not applying for a refund.

VAT refund applications during the period 2022 - 2024?



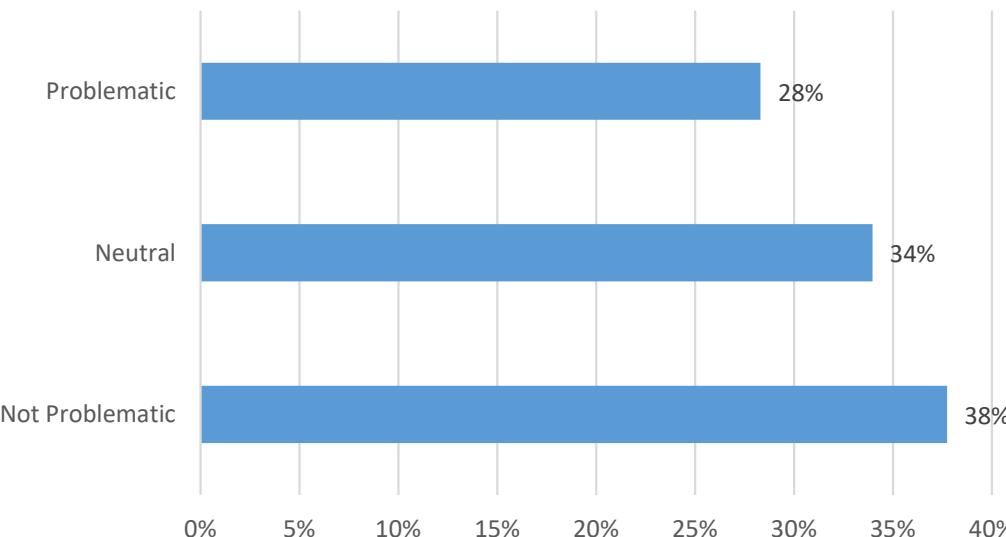
If you have not applied for a VAT refund, please identify the reasons:



VAT REFUND

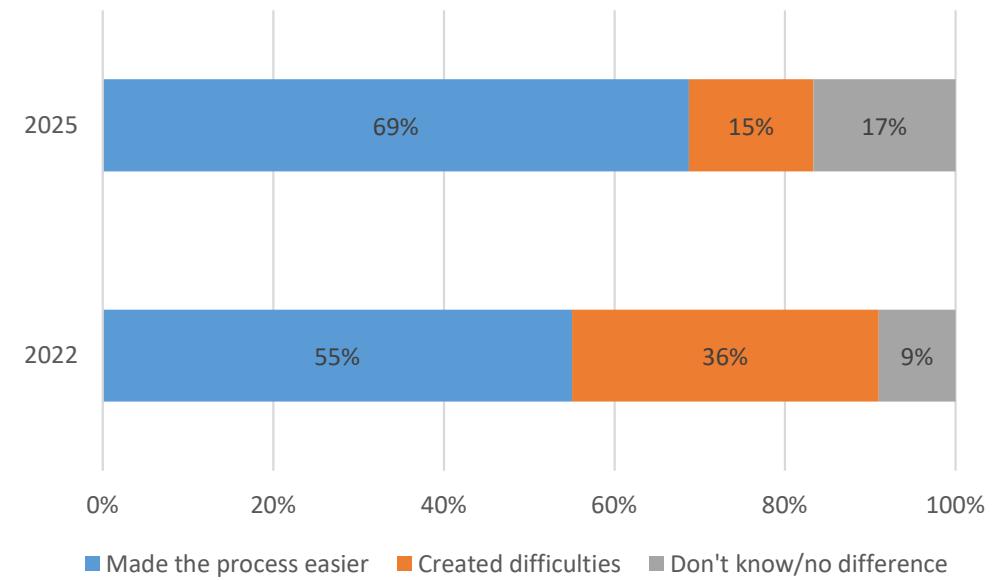
By 2025, VAT refunds are considered problematic by only 3 in 10 companies.

Overall, do you consider VAT Refund today still a problem for your business?



Compared to 2022, trust in the digital refund platform has increased, with 7 out of 10 companies reporting that it has facilitated the process, particularly among exporters.

Digital VAT Refund Platform:





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IV. INFORMALITY

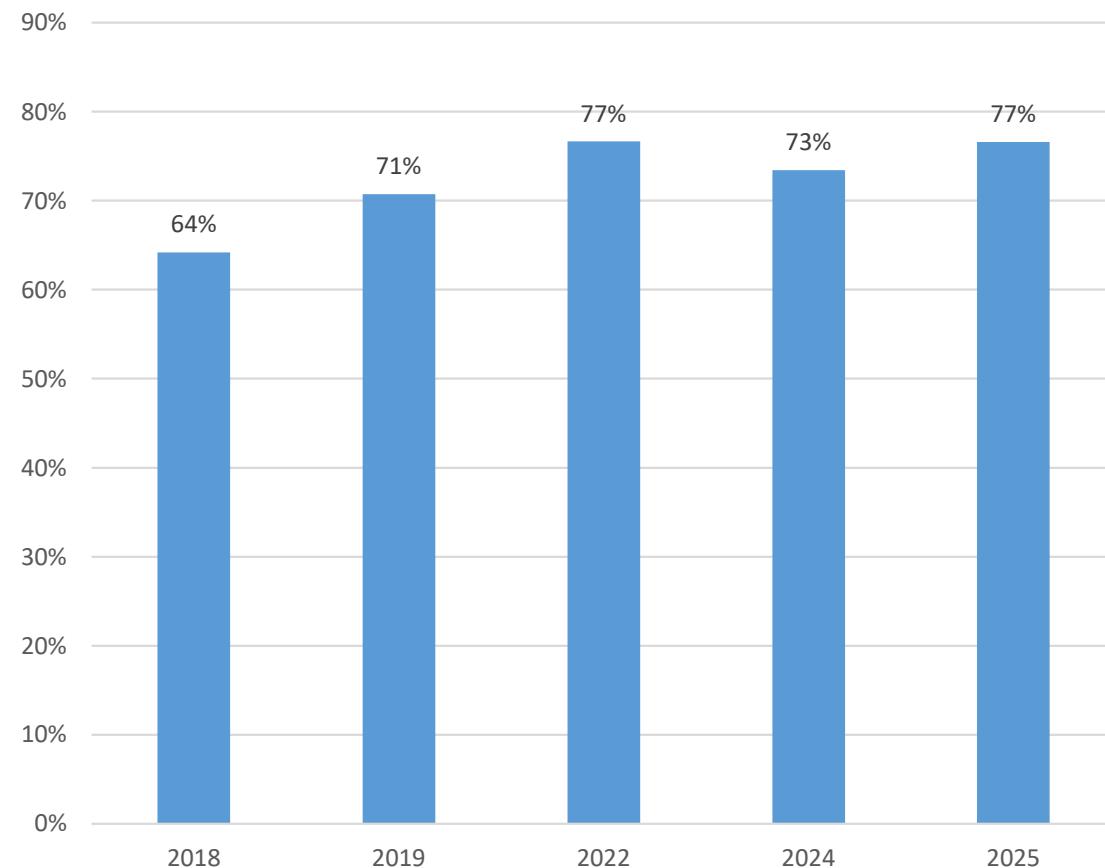
BUSINESS ON INFORMALITY

- *Since 2017, the perception of informality in the country has remained consistently high, with 7 out of 10 companies reporting that informality is present in the market. This stability indicates that, despite interventions in recent years, informality continues to be perceived as a deep-rooted and persistent phenomenon.*
- *Driving Factors – Even in 2025, businesses continue to identify the same primary drivers of informality: corruption and unfair competition.*
- *The nature of informality, ranked from most to least significant, is as follows: tax evasion, undocumented work, corruption, and non-registration of activities or entities.*
- *Sectors – Sectoral differences in the perception of informality are observed as follows:*
 - *Industry: Informality is primarily perceived as tax evasion and undeclared work.*
 - *Construction: Informality is viewed as a mix of tax evasion, undeclared work, and corruption.*
 - *Services: Informality is noted through tax evasion, non-registration of activities, and undeclared work*

INFORMALITY AND INFORMAL COMPETITION

In 2025, approximately 8 out of 10 companies perceive competition from informal activities in the country. This trend has remained consistent over the years; on average since 2018, nearly 7 out of 10 companies have reported the presence of informality.

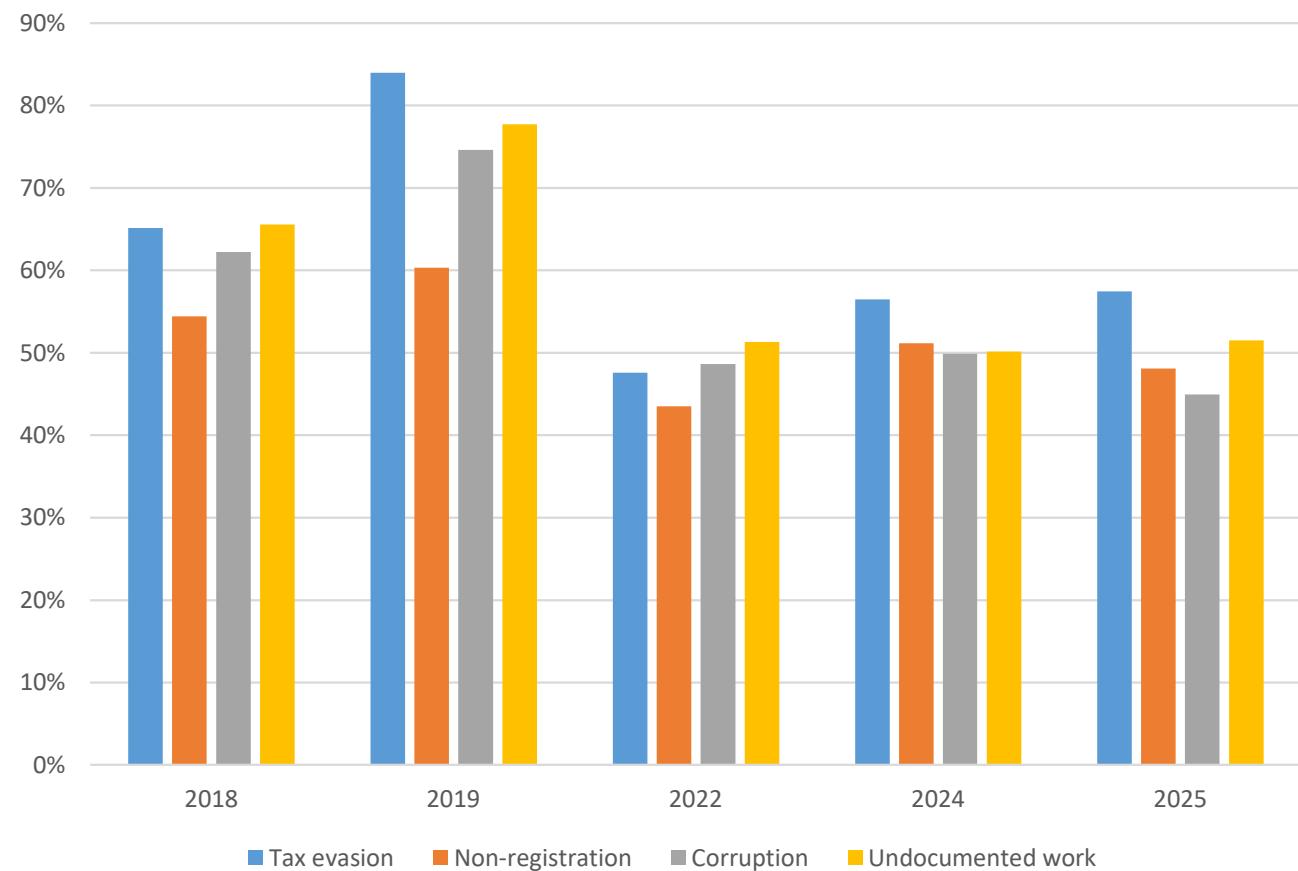
Assessment of competition from informal activities in the sector where you operate



INFORMALITY AND INFORMAL COMPETITION 2018-2025

It is confirmed that tax evasion and undocumented work remain the two most prevalent forms of informality in 2025, although both have exhibited a gradual decreasing trend over the years.

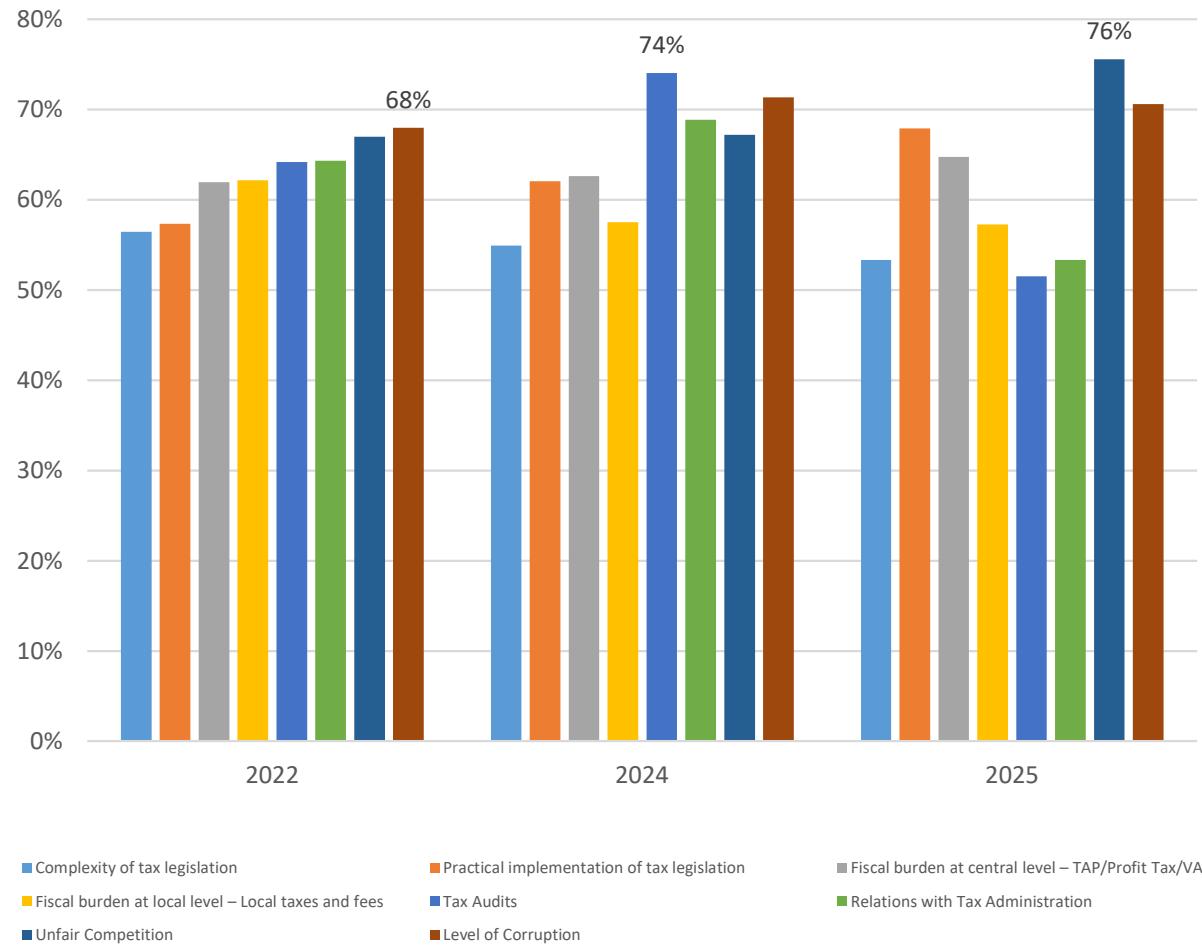
Assessment of the nature of informal activities in the sector where you operate



THE MOST IMPORTANT FACTOR THAT DRIVES INFORMALITY

*Unfair competition and
Corruption are the two main
factors driving informality
according to business
perception even in 2025.*

The degree of influence on a business's decision to
undertake the risk of an informal activity



BUSINESS CLIMATE

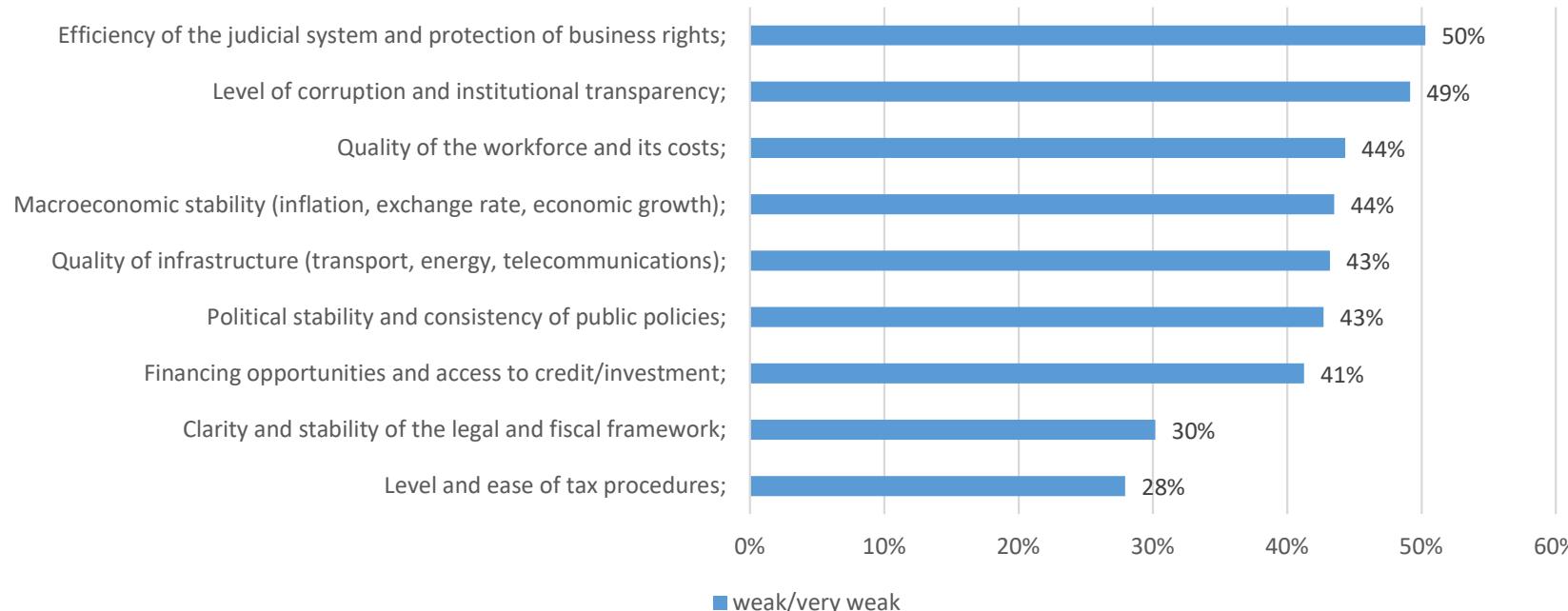
- *Businesses perceive the business climate in Albania as being primarily influenced by three critical factors:*
 - *Efficiency of the judicial system and protection of rights*
 - *Level of corruption and institutional transparency*
 - *Quality and costs of the workforce*
- *These factors are closely interrelated: a weak judicial system and high levels of corruption undermine trust and confidence in the business environment, while challenges related to workforce quality and costs affect productivity and competitiveness.*
- *Enhancing these elements is essential for improving the business climate and attracting sustainable investment.*

BUSINESS CLIMATE

1. *Efficiency of the judicial system and protection of rights*
2. *Level of corruption and institutional transparency*
3. *Quality and costs of the workforce*

Businesses consider these factors to be the most critical areas requiring attention to improve the business climate in Albania

Business Climate - The Most Critical Elements:





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V. EU INTEGRATION

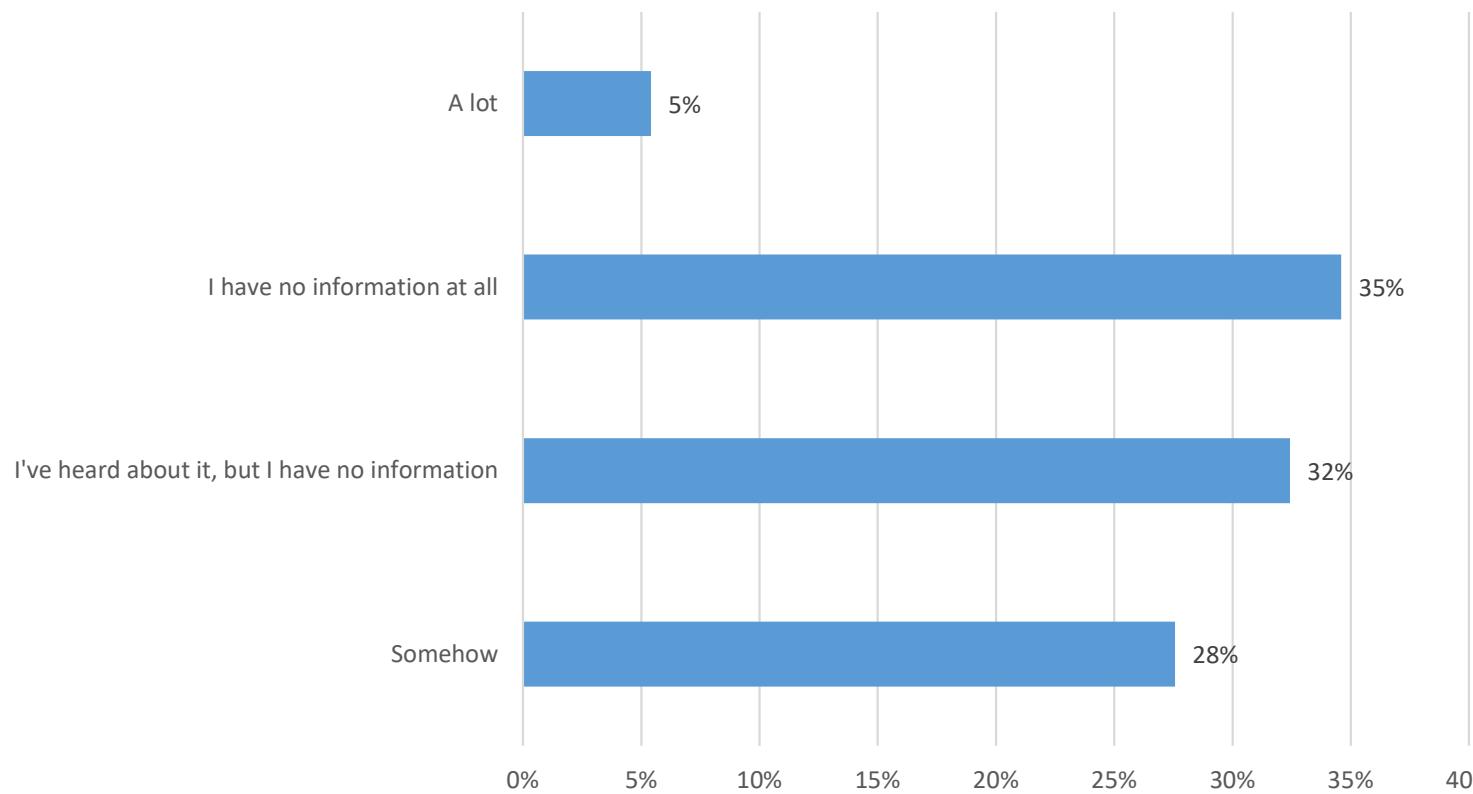
BUSINESS ON EU INTEGRATION

- *Information – There is a clear lack of accessible information regarding the National Reform Agenda and the EU integration process. Businesses currently obtain information primarily from the internet and traditional media, but they expect greater transparency and guidance from state institutions as well as EU institutions and projects. This information gap directly affects businesses' capacity to plan for development and to fully benefit from ongoing reforms*
- *Expectations – Businesses anticipate several potential benefits from a consolidated reform process, including More comprehensive consultation of businesses in the design of reforms; Direct benefits for businesses; Acceleration of reform implementation, leading to greater efficiency and legal certainty.*
 - *Most optimistic sectors: Industry, Trade, Agriculture, Transport*
 - *Company level: Improving standards and quality, Increasing fair competition, Easier access to EU markets. But only 3 out of 10 companies expect increased export opportunities.*
 - *Approximately half of companies anticipate expanding their activities following integration, highlighting a strong link between a positive perception of integration and the potential for business development.*
- *Challenges – Businesses identify several key challenges, including Adoption of laws without consultation, which reduces transparency and credibility, Bureaucracy and complex administrative procedures, Tax and fiscal legislation, Production standards that require adaptation to European markets. These challenges are closely linked to the lack of information available to businesses and the perception of barriers to reform*

BUSINESS ON THE NATIONAL REFORM AGENDA

ON INFORMATION - Only 33% of the companies interviewed declare to have information (a lot/somewhat) on the National Reform Agenda.

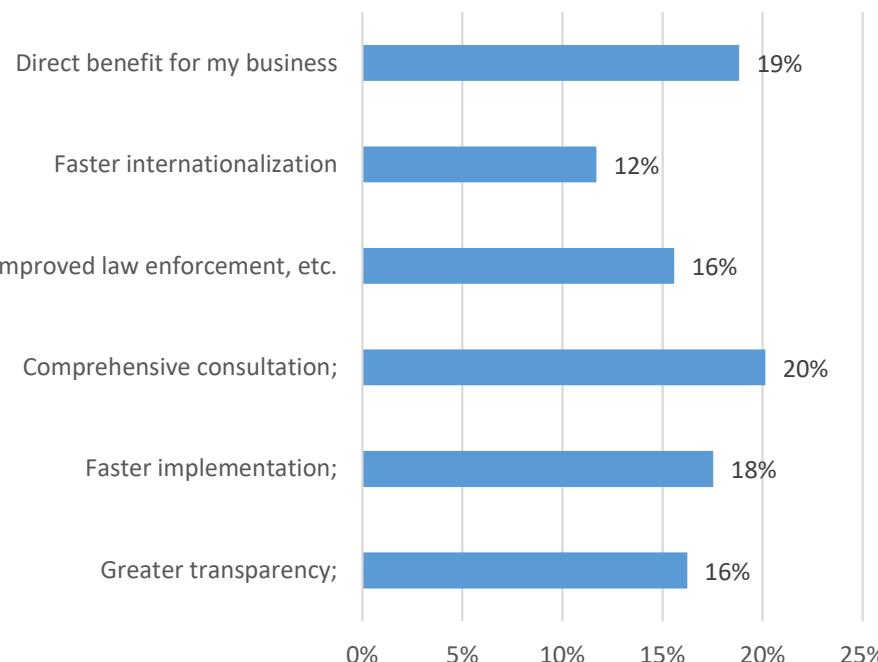
How much information do you have about the National Reform Agenda?



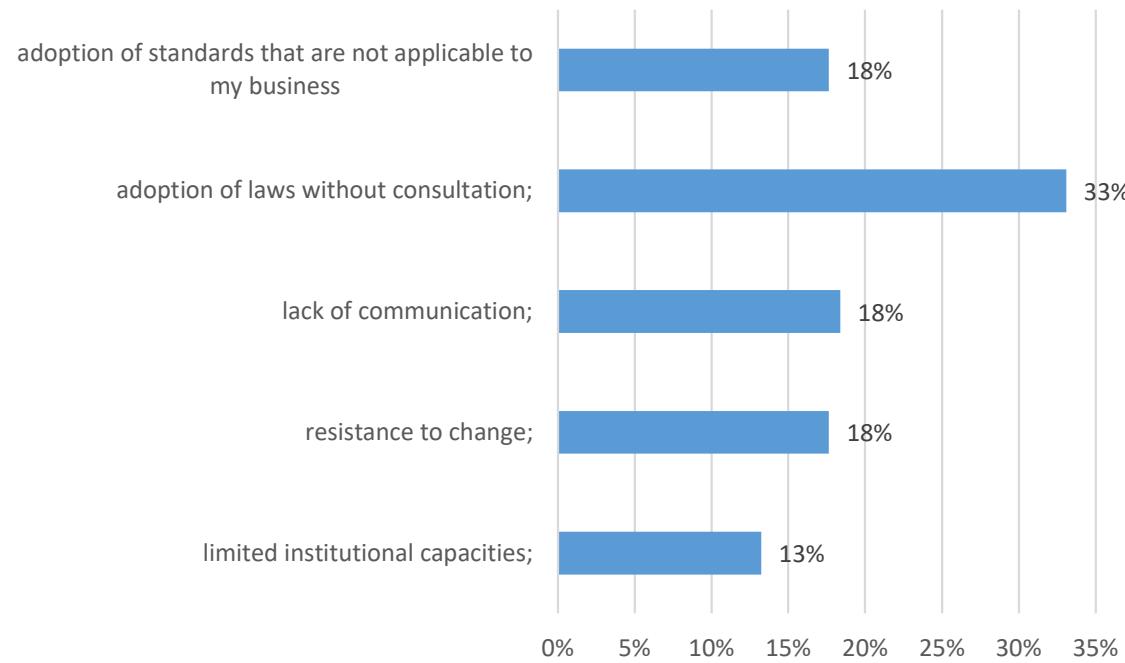
BUSINESS ON THE NATIONAL REFORM AGENDA

Expectations – Companies that are informed about the AKR anticipate that its implementation over the next three years will primarily provide comprehensive consultation and direct benefits for businesses. At the same time, the adoption of laws without consultation is perceived as the greatest challenge to effective AKR implementation.

What are your expectations from the implementation of the Reform Agenda over the next 3 years?



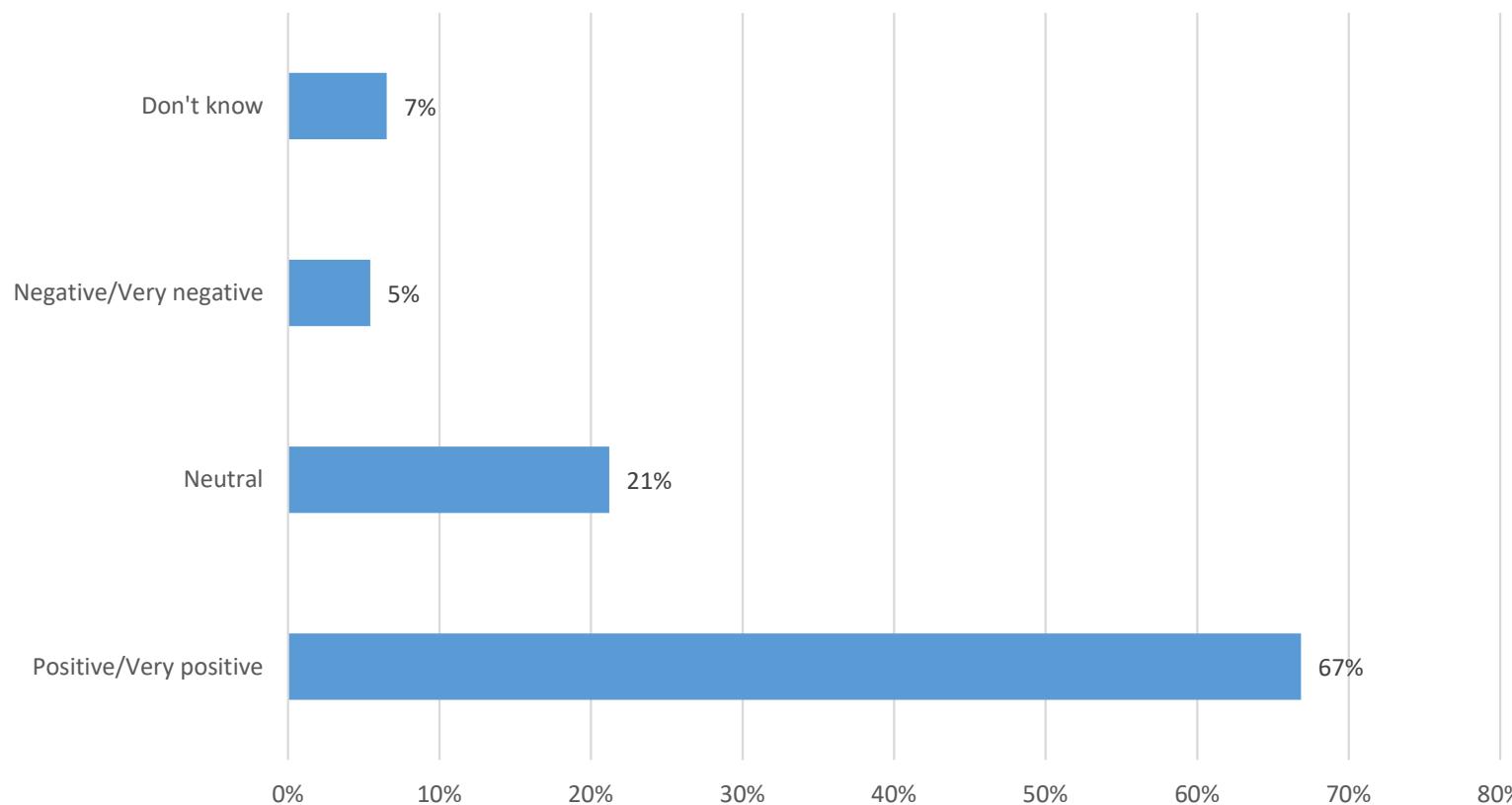
What risks or challenges do you see in implementing the Reform Agenda?



BUSINESS ON EU MEMBERSHIP

Expectations at the Firm Level – Approximately 7 out of 10 companies evaluate Albania's EU membership positively or very positively. The most optimistic groups are exporters, companies with a turnover exceeding 10 million, and firms in the Construction, Agriculture, and Processing Industry sectors

How do you assess Albania's membership in the EU for your business?

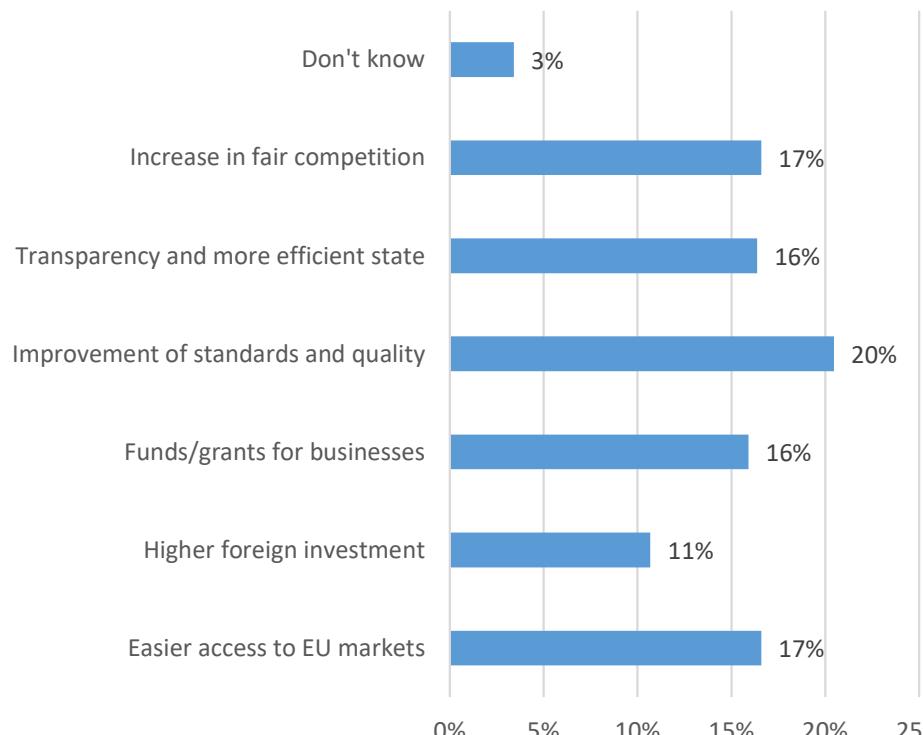


BUSINESS ON EU MEMBERSHIP

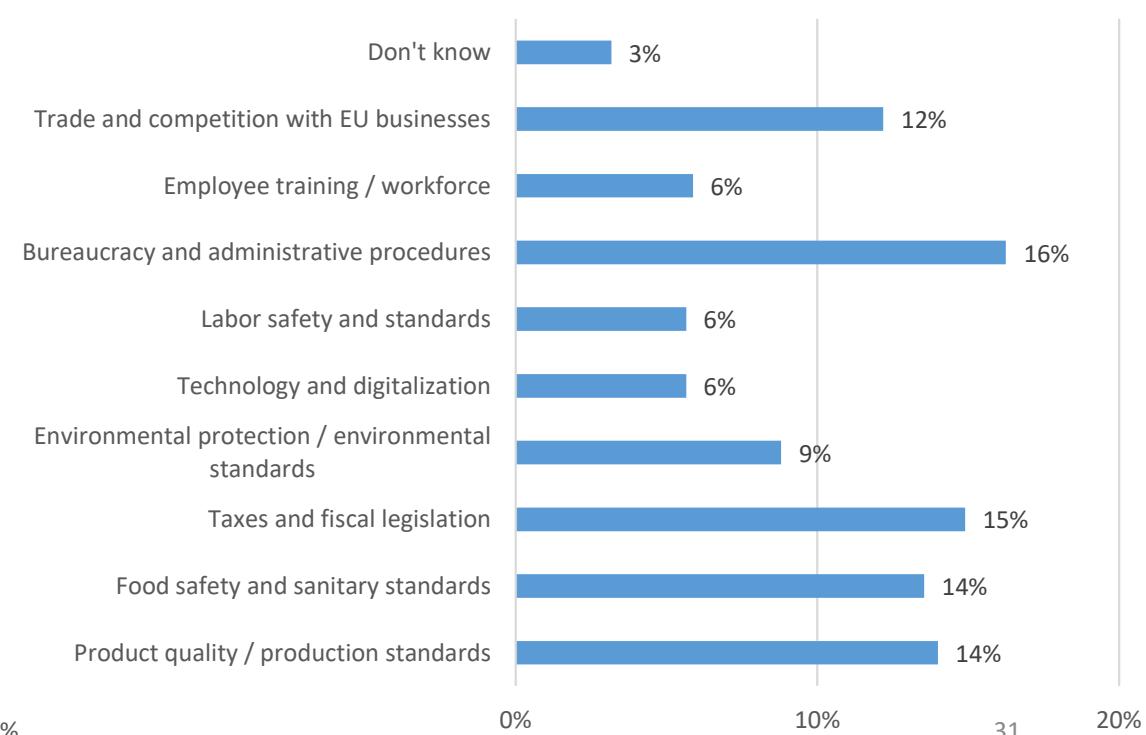
Benefits – Businesses expect that EU membership will bring improvements in standards and quality, increased fair competition, and easier access to EU markets.

Challenges – Companies perceive bureaucracy and administrative procedures, tax and fiscal legislation, and product quality/production standards as the areas where adaptation to EU membership will be most difficult.

What benefits do you expect most from EU membership?



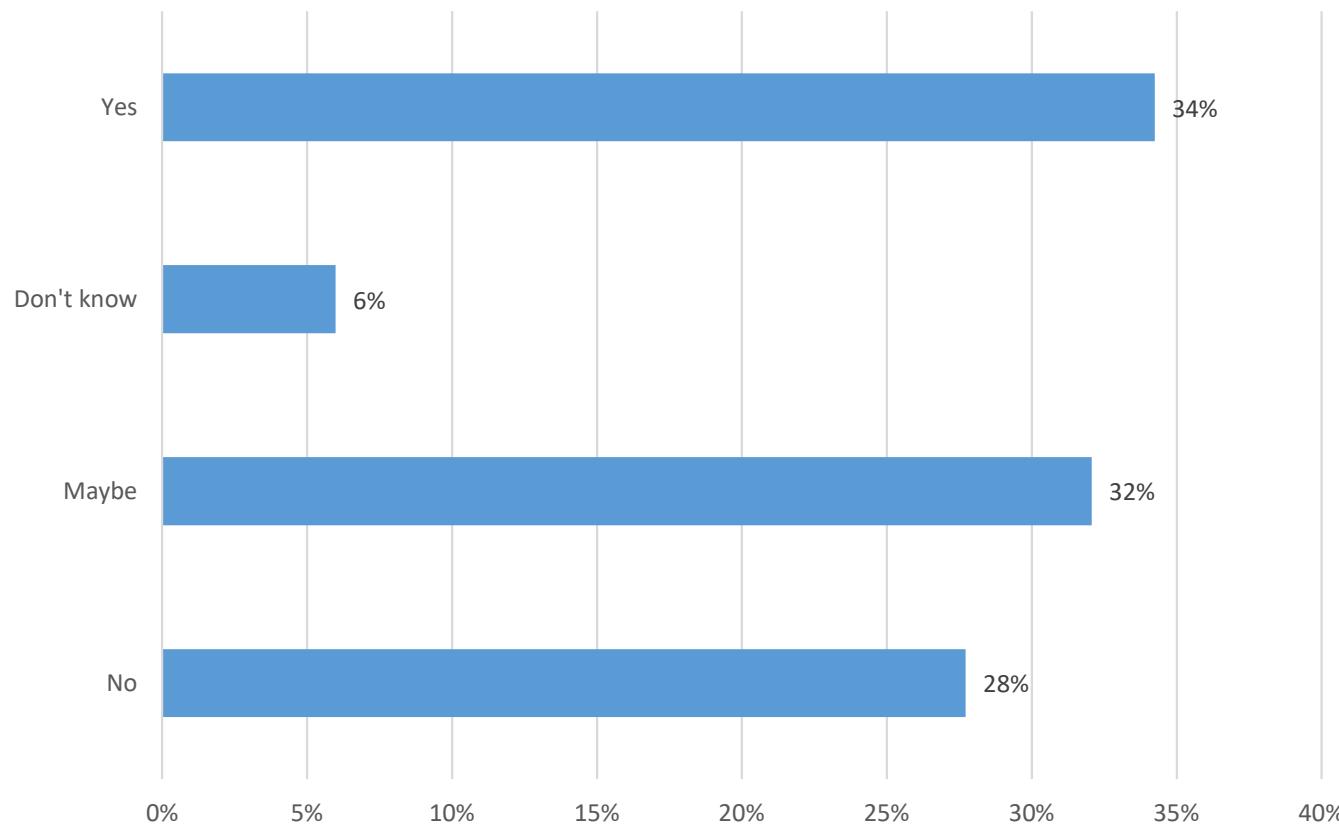
In which areas do you think adaptation will be most difficult?



BUSINESS ON EU MEMBERSHIP

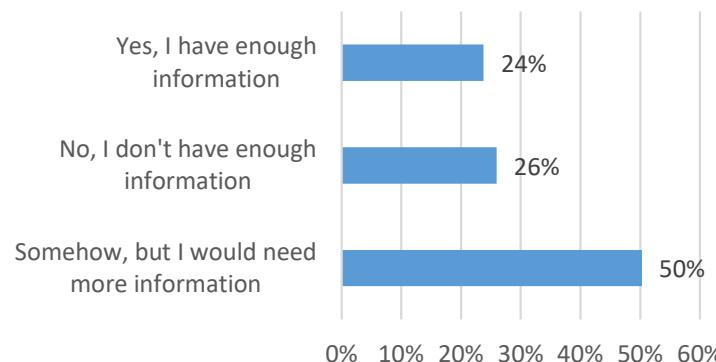
Exports – Only 3 out of 10 businesses anticipate increased export opportunities from EU membership, with companies in the Industry, Trade, and Agriculture sectors being the most optimistic

Do you expect your business to have more export opportunities after membership (market expansion for your product)?

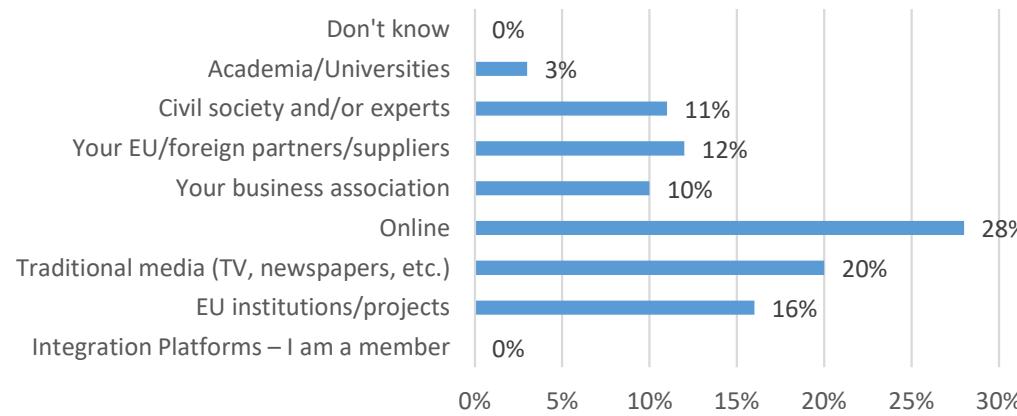


BUSINESS ON EU MEMBERSHIP

Do you think you have sufficient information about the integration process and its impact on your sector/business?



Where do you get information about the integration process and the impact that EU membership may have on your business activity?

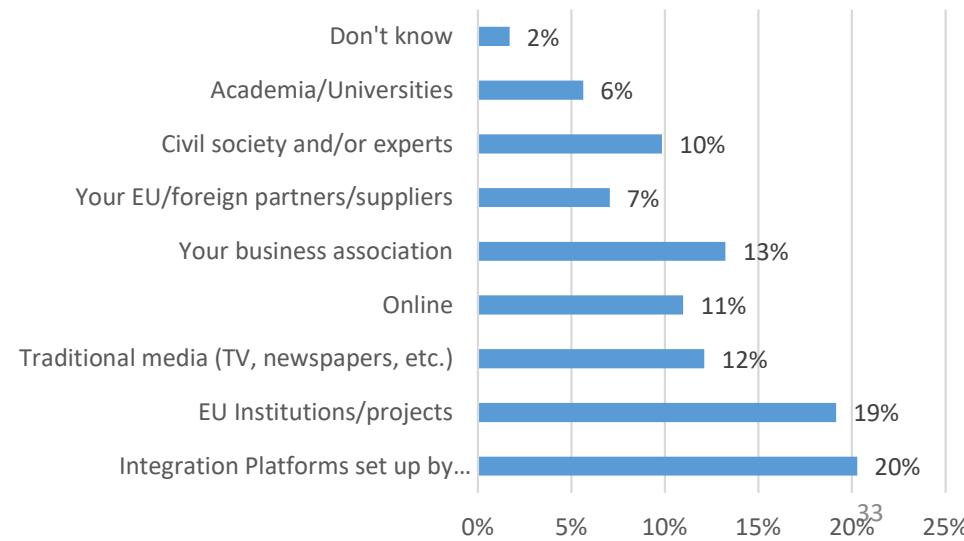


Information – Nearly 50% of companies report that they are interested in and require more information regarding EU integration and its impact on business.

Exporters, large companies (with turnover exceeding 8 million), and firms in the ICT, Manufacturing, and Services sectors appear to be the most informed.

Sources of Information – Companies primarily obtain information from the internet and traditional media; however, they expect greater transparency and guidance from state institutions as well as EU institutions and projects.

What do you think should be the source from which you should get information:

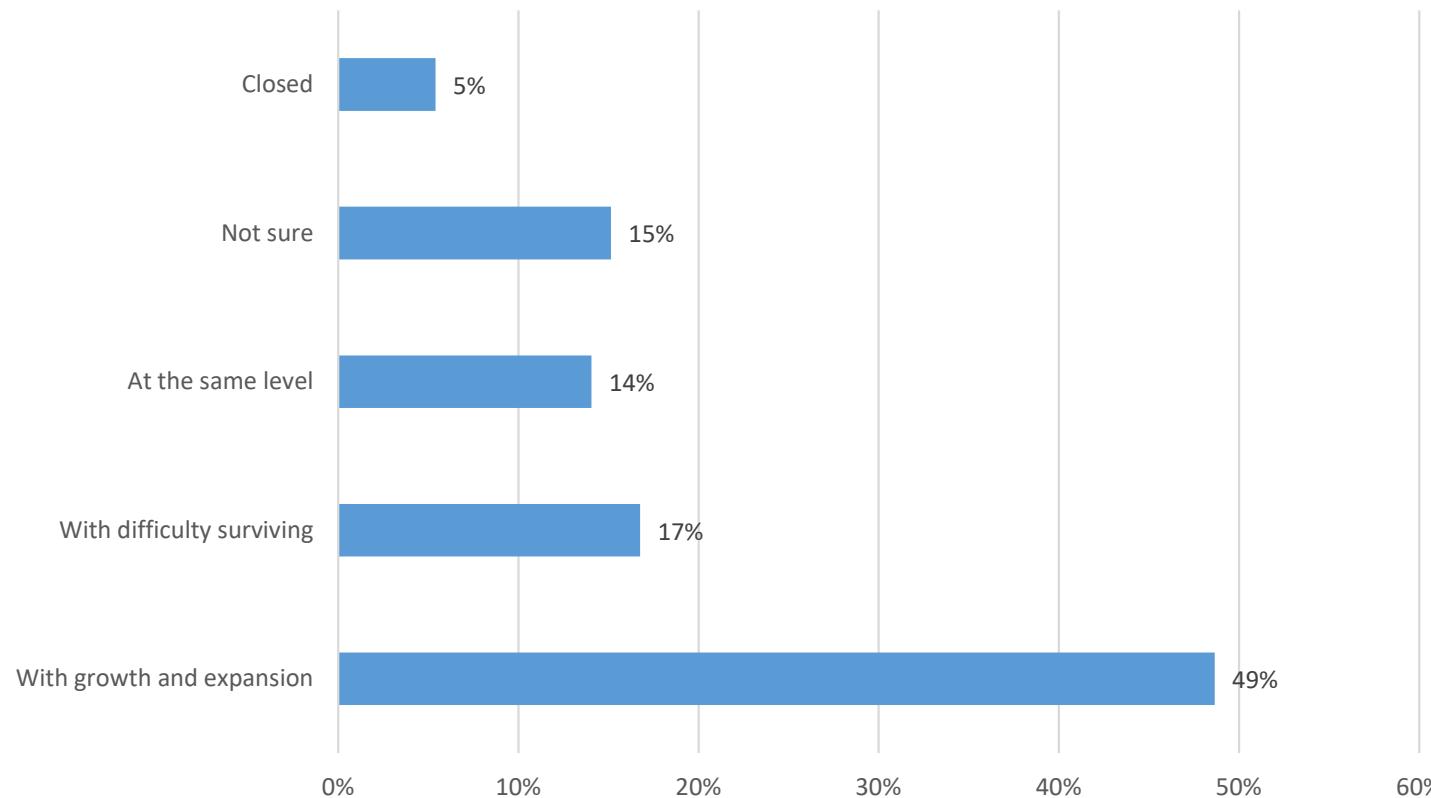


BUSINESS ON EU MEMBERSHIP

Expectations at the Firm Level – Approximately 1 in 2 businesses anticipate growth and expansion following EU membership,

particularly companies in the Manufacturing, Agriculture, Forestry and Fishing, and Transport and Storage sectors

How do you see your business after 5–10 years of the country's membership in the EU?



THANK YOU!



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