

ALBANIA IN FIGURES

August 2023, www.diha.al



Albania - 2023

Area:	28.750 km ²
Population	2,9 million
GDP (2022)	17,18 billion €
GDP/capita (€ at PPP 2022)	11.180 €
GDP real change	3,3%
FDI Inflow	1.372 million €
Average gross monthly wages	520 €
Business Languages	Albanian, English, Italian, German
Currency	ALL (Albanian Lek)
Exchange rate (31.07.2023)	1 Euro = 102,87 ALL



*Sources: WIIW, World Bank 2023

Albania as a Business Location

Strategic geographical location

Free market access

Positive and business friendly environment

Online Company Registration

Natural resources

Investment opportunities - Incentives in „Sub-Contracting“ (especially textile/light industry)

Supportive legal framework

Competitive workforce – low cost of labor, a young labor force, multilingual

Albania - Growth markets

Energy (hydropower), oil and gas production

Light industry: textile, shoes, medical, electronic, metal products

Telecommunication & IT

Infrastructure & logistics

Tourism: hotels and holiday resorts

Agriculture: fruit/vegetables, medical plants, organic products

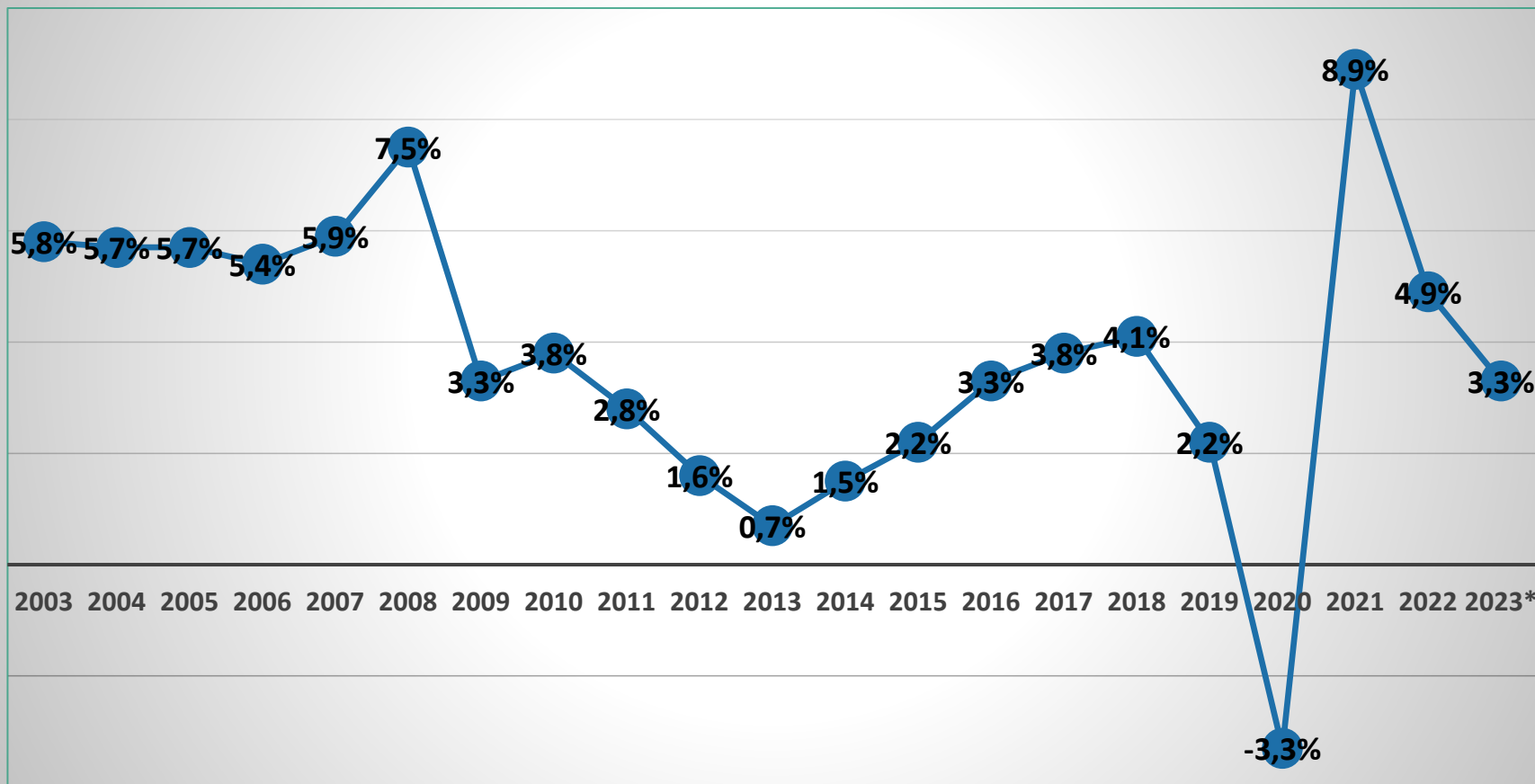
Services: Call Centers, IT

Mining (chrome, iron, nickel, copper, gold)

Environment and communal services: recycling, water and sewerage

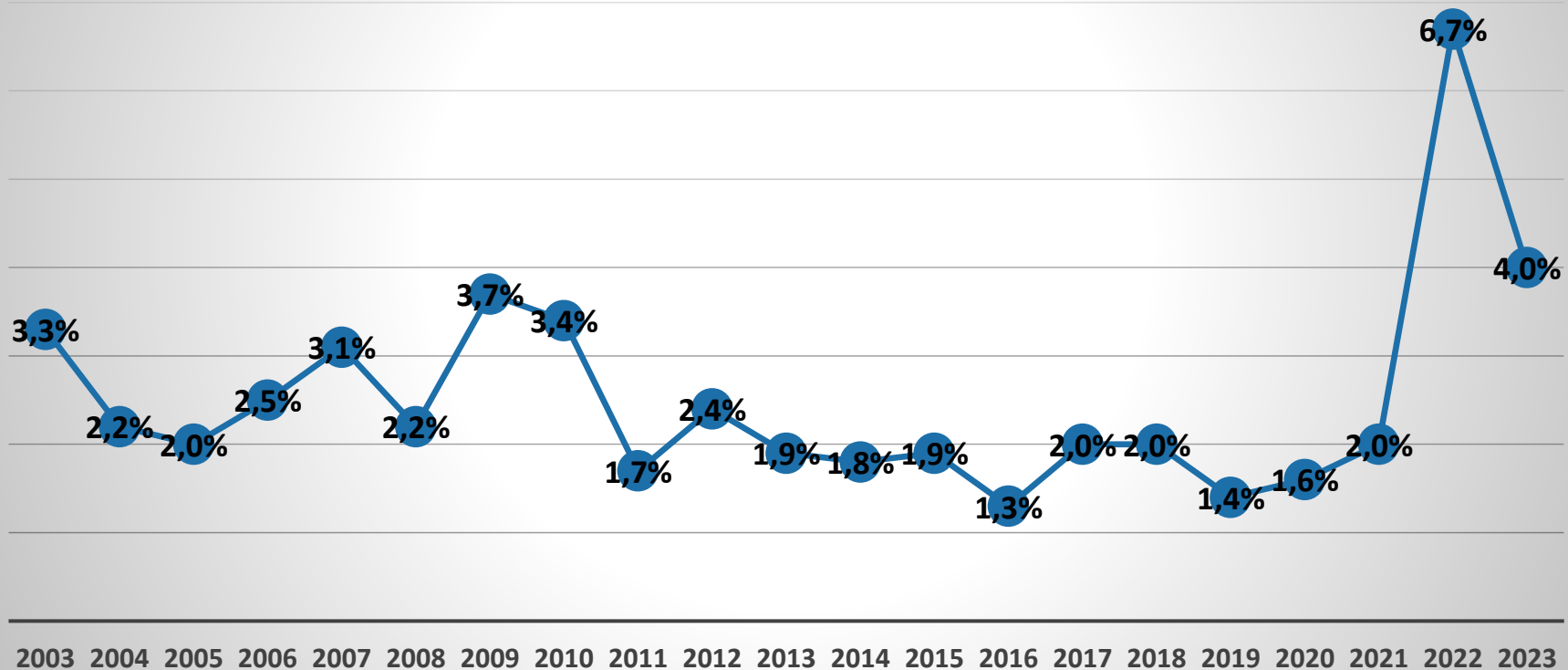
Albania - Economic Development

Growth Rate Development in %

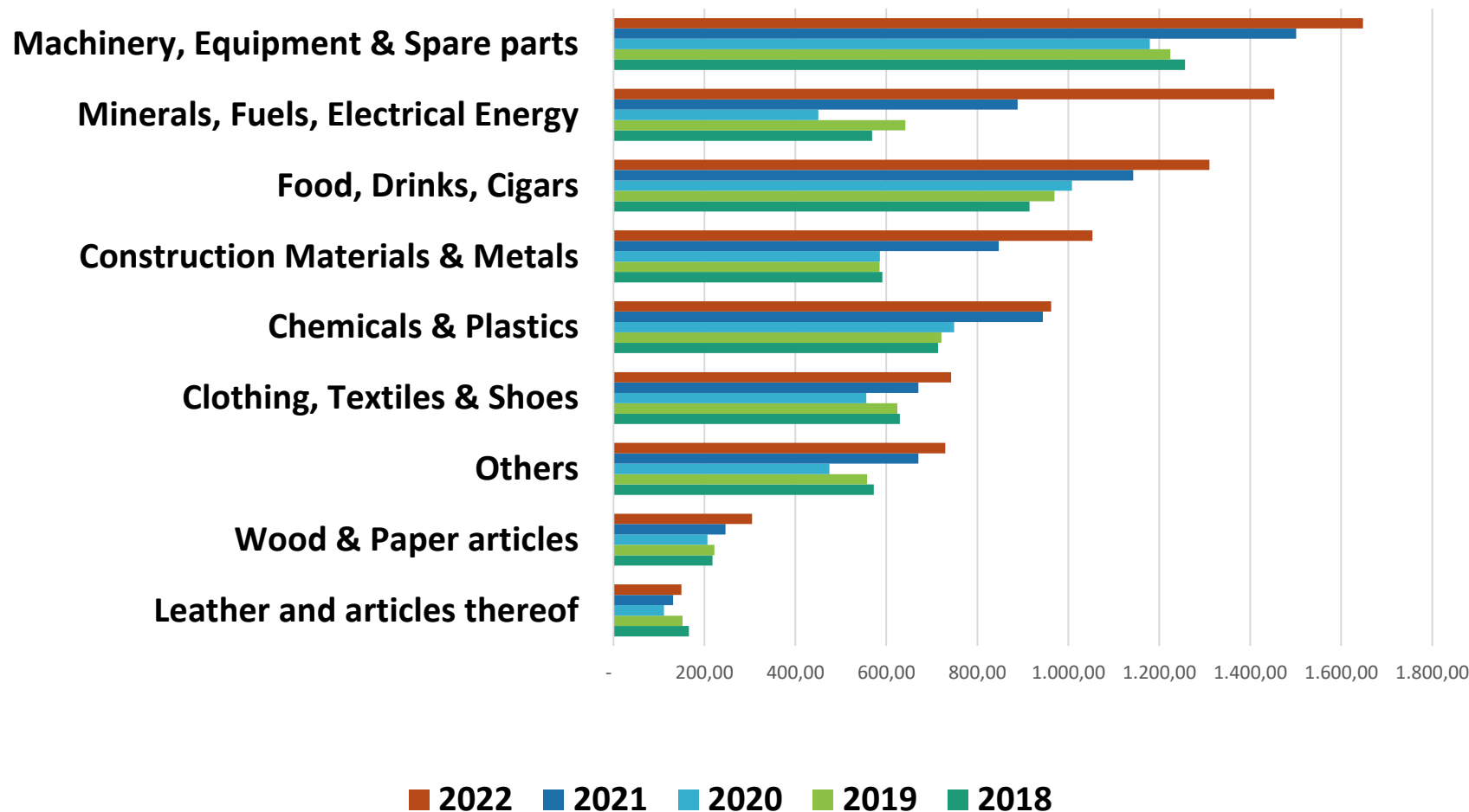


Albania - Economic Development

Inflation Rate Development in %

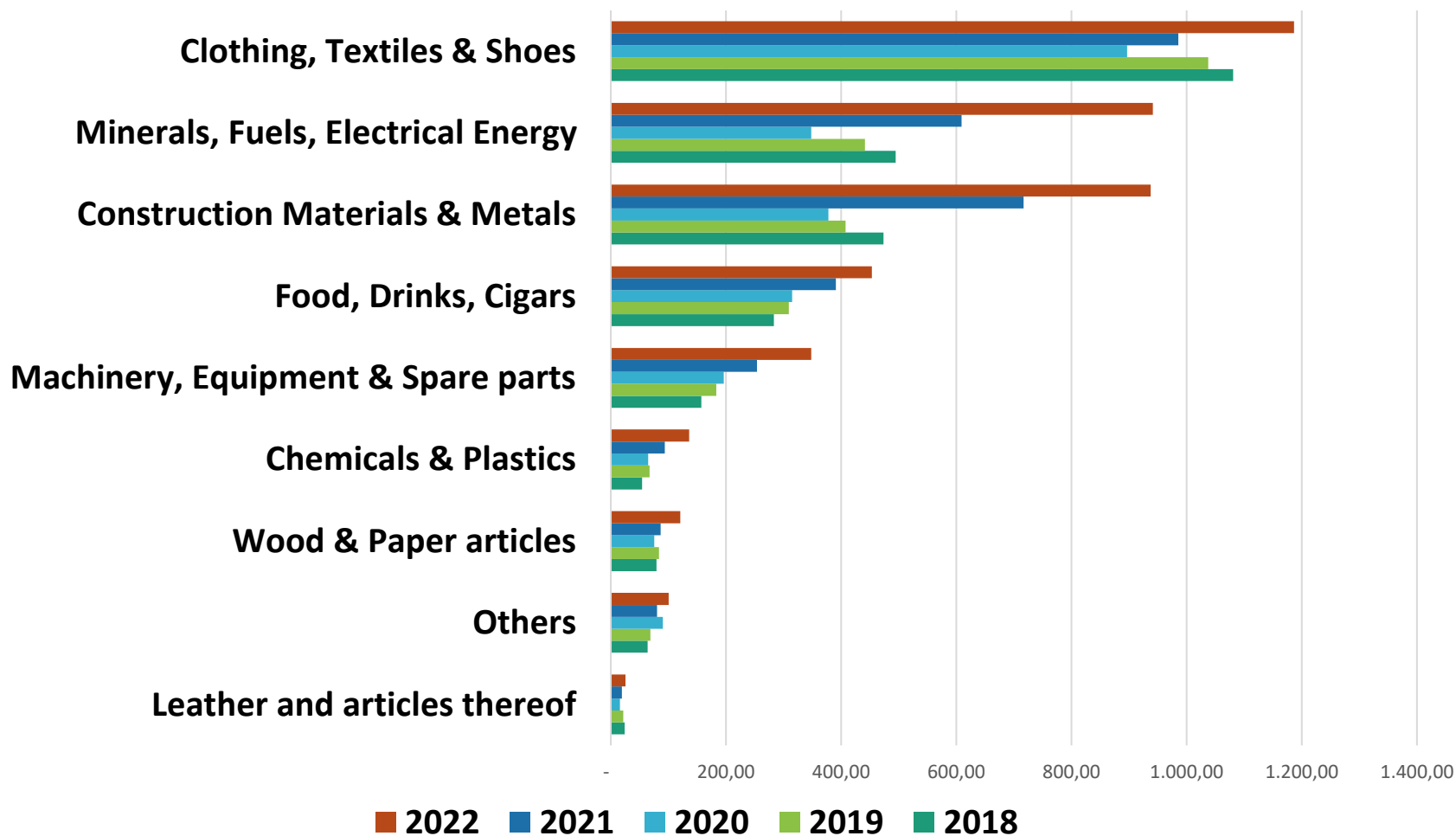


Imports in Albania 2018-2022 in million €



Sources: Customs 2023

Exports in Albania 2018-2022 in million €



Sources: Customs 2023

Taxes and Labour Costs

Taxes applied on Corporates and Individuals

- Corporate Profit Tax: 5 %, 15 %
- Tax on Dividends: 8%
- Personal Income Tax (0 %, 13%, 23%)
- Withholding Tax: 15 %

Social and Health Securities Contribution

- Social Contribution : 24.5 %, Employer: 15%, Employee: 9.5 %
- Health Contributions: 3.4%, Employer: 1.7%, Employee: 1.7%

Minimum & Average salary

- Minimum Salary: 389 €/per month
- Average Salary: 520 €/per month*

**Sources: WIIW*

Taxes and Labor Costs

■ Personal Income Tax (0 %, 13%, 23%)

Salary Income in ALL / month	Taxable Income in ALL / month	Tax rate in percentage / month
0 - 50.000	0 - 50.000	0%
50.001 - 60.000	0 - 35.000	0%
	35.001 – 60.000	13% of the sum over 35.000
60.001 – above	0 – 30.000	0%
	30.001 – 200.000	13% of the sum over 30.000
	200.001 - above	22.100 ALL + 23% of the sum over 200.000

Albania - Tax Incentives and more

- **NO VAT and No Income Tax** for Small Business entities with an annual turnover less than 67.000 € (8 million ALL)
- *Reduction of Profit Tax to 5% on entities operating in Automotive Industry.*
- *For investments over 1 billion ALL (approx. 8,2 million €) the period of **tax loss carryover** will be prolonged **from 3 to 5 years**.*
- ***6% VAT on certified Agri-tourism businesses** for services provided such as accommodation, restaurants excluding beverages.*

Albania - Tax Incentives and more

- **NO VAT** applied on import of machineries and equipment used on investments worth more than 50 million ALL (357.000 €)
- **NO VAT** applied on medicines and health services
- **Facilitated** VAT reimbursement procedures for exporters
- **NO Excise applied on fuel import** used by oil producing companies, if they fulfil the conditions imposed by the legislation in place.
- Double Tax Treaties to **avoid double taxation** (~ 40 countries, also with Germany)

Albania - Legislation & Licensing

Company Registration: Online e-albania

Licencing: Simplified procedures

Law on Concessions and PPPs (2013)

– Facilitation of concessions and PPPs

Law on Public Procurement

– Free access for all companies registered in Albania to the online procurement portal

Initial Registration

Economic entities that have to register in the [National Business Center in Albania](#) (QKB):

- Sole Entrepreneurs
- Commercial companies
 - Unlimited partnership
 - Limited partnership
 - Limited liability company
 - Joint-stock company
 - Joint ventures
- Branches and representative offices of foreign companies
- Savings and credit companies and unions
- Mutual aid and cooperation companies
- Agricultural cooperation companies

Albania - Foreign Investments & Real Estate

Law on Foreign Investments

- Removal of prior authorization from the government
- Opening of all sectors to FDI
- Removal of all share limitations (100 % foreign ownership possible)
- Thus: FDI benefits are equally treated and protected

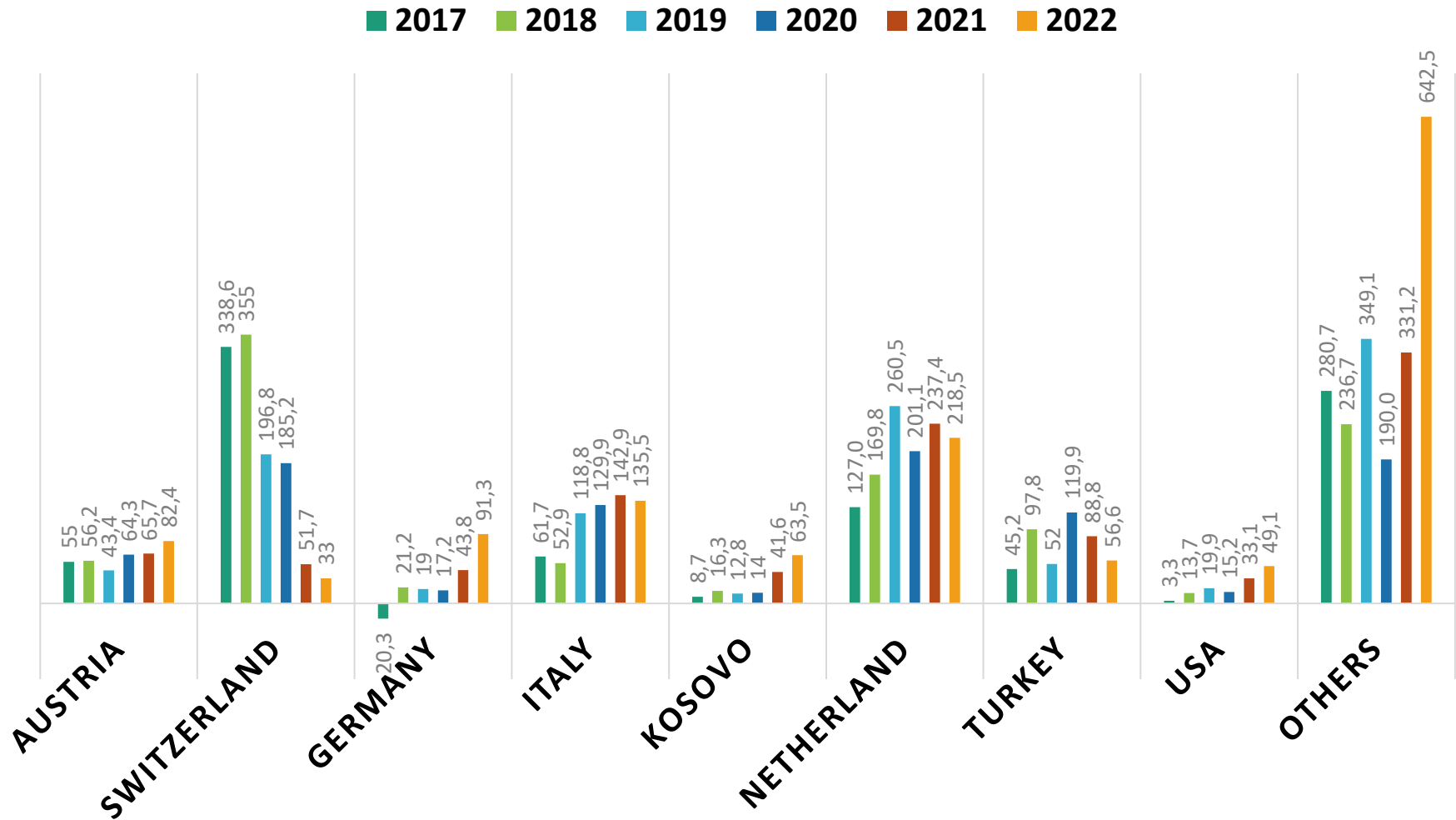
Priority of International Treaties

- Bilateral Treaties with many countries
- In case of conflict: Treaty provisions have priority over domestic law

Real Estate

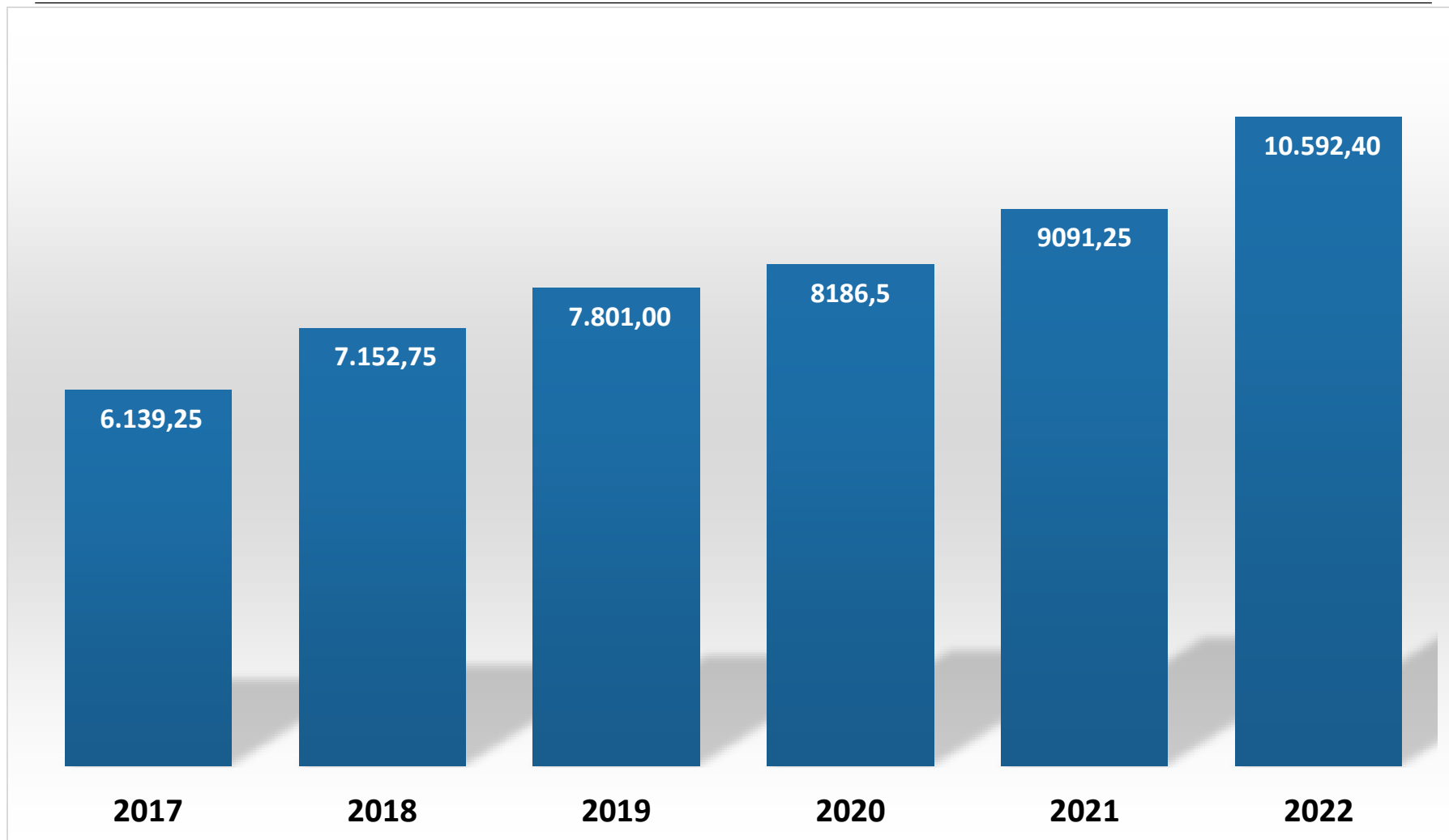
- Foreigners as persons cannot acquire real estate, companies yes
- Foreigners can only buy residential units, no land
- Symbolic Tariff of 1 EUR leasing contract, when renting governmental property.

Flow of FDI in Albania by country in million €



Sources: BoA 2023

FDI-Stock in Albania in million €



Sources: BoA 2023

International Treaties & Memberships

- June 2014 EU-Candidate
- April 2009 NATO-Member
- April 2006 Stabilization & Association Treaty (SAA) with EU
- Sept. 2000 WTO – Member
- Free Trade Treaty with the EU, EFTA-States and Turkey
- CEFTA – Member
- SECI (Southeast European Cooperative Initiative)
- BSEC (Black Sea Economic Co-Operation)

Trade Relations Albania - Germany

Treaty to avoid Double Taxation with Germany - in force since 2012

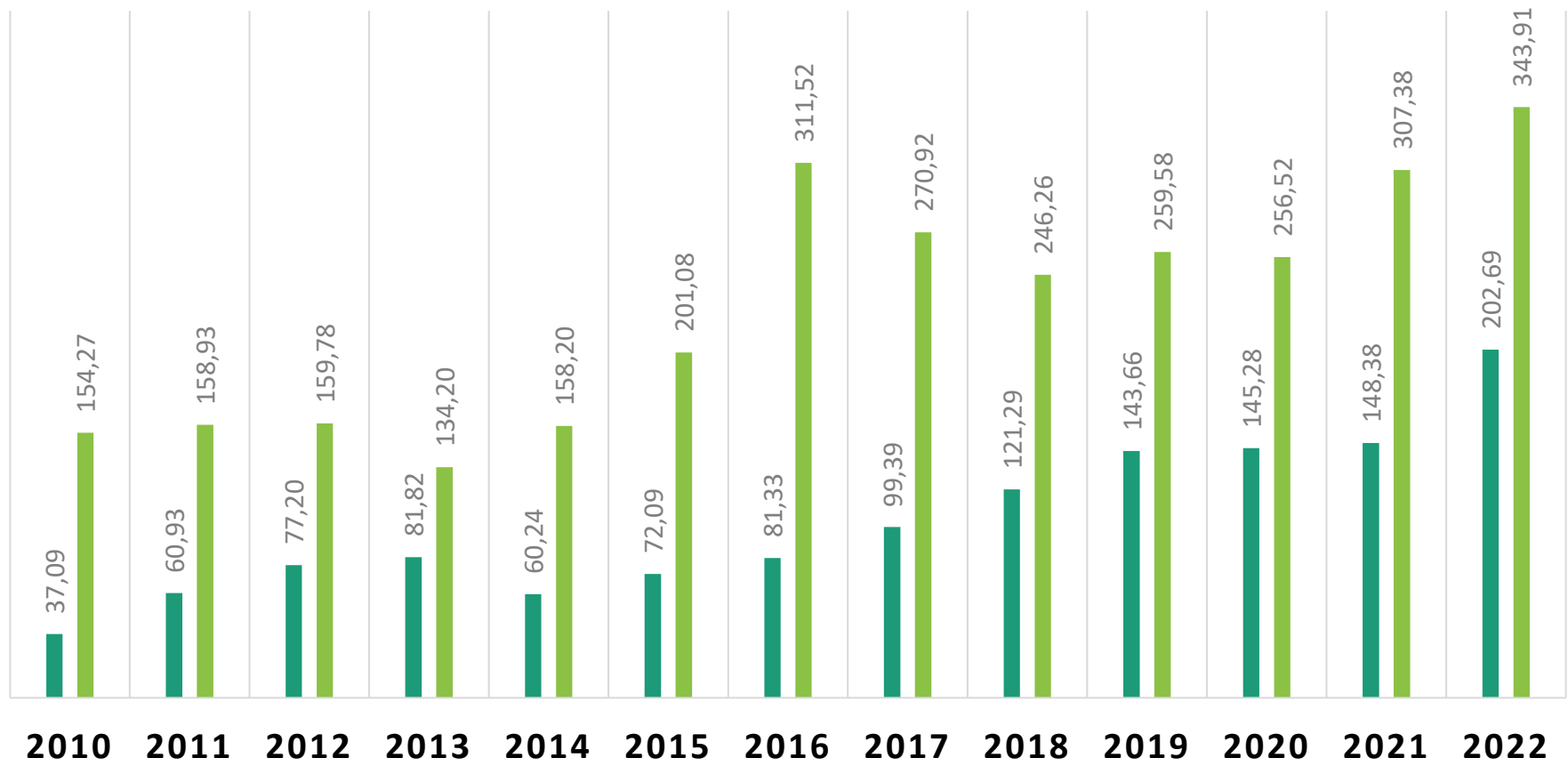
Law No. 55/2015 „On Strategic Investments“ - in force since 2016

Law No. 7764 „On Foreign Investments“ – in force since 1993

New Draft Law “On Investments” will abolish the Laws “On Strategic Investments” and “On Foreign Investments”.

Trade Exchange Germany – Albania in million €

■ Imported from Albania ■ Exported to Albania



Main German Investments in Albania - sectors

<i>Transport</i>	<i>Real Estate</i>
<i>Financial Services</i>	<i>Cosmetics & Drugs Retail</i>
<i>Construction Materials</i>	<i>Stevedoring & Cargo Transport</i>
<i>Automotive Spare Parts Retail</i>	<i>Postal Services</i>
<i>Passenger Ferry Operations</i>	<i>Textile & Shoes Production</i>
<i>Cable Harnesses</i>	<i>Engineering Offices</i>
<i>Automotive Parts Production</i>	<i>Geological Measures</i>
<i>Market Research</i>	<i>Production of Industrial Gas</i>

DIHA - Main Investors and Members



DIHA Output

DIHA is the representative of German Business in Albania since October 2008, with approx. 80 Members registered.

- Monthly events on different topics for its members
- Market information & studies/publications
- Address research
- Business partner search
- Advertisement
- Delegation trips
- Recruitment service
- Consulting service - vocational education
- SES - Senior Experten Service

ALBANIA IN FIGURES



Imprint:

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