

ALBANIA IN FIGURES

July 2024, www.diha.al



Albania - 2024

| | |
|-----------------------------|------------------------------------|
| Area: | 28.750 km ² |
| Population | 2,8 million |
| GDP (2023) | 21.19 billion € |
| GDP/capita (€ at PPP 2023) | 12.880 € |
| GDP real change | 3,6% |
| FDI Inflow | 1.492 million € |
| Average gross monthly wages | 648 € |
| Business Languages | Albanian, English, Italian, German |
| Currency | ALL (Albanian Lek) |
| Exchange rate (30.06.2024) | 1 Euro = 100,31 ALL |



*Sources: WIW, World Bank 2024

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

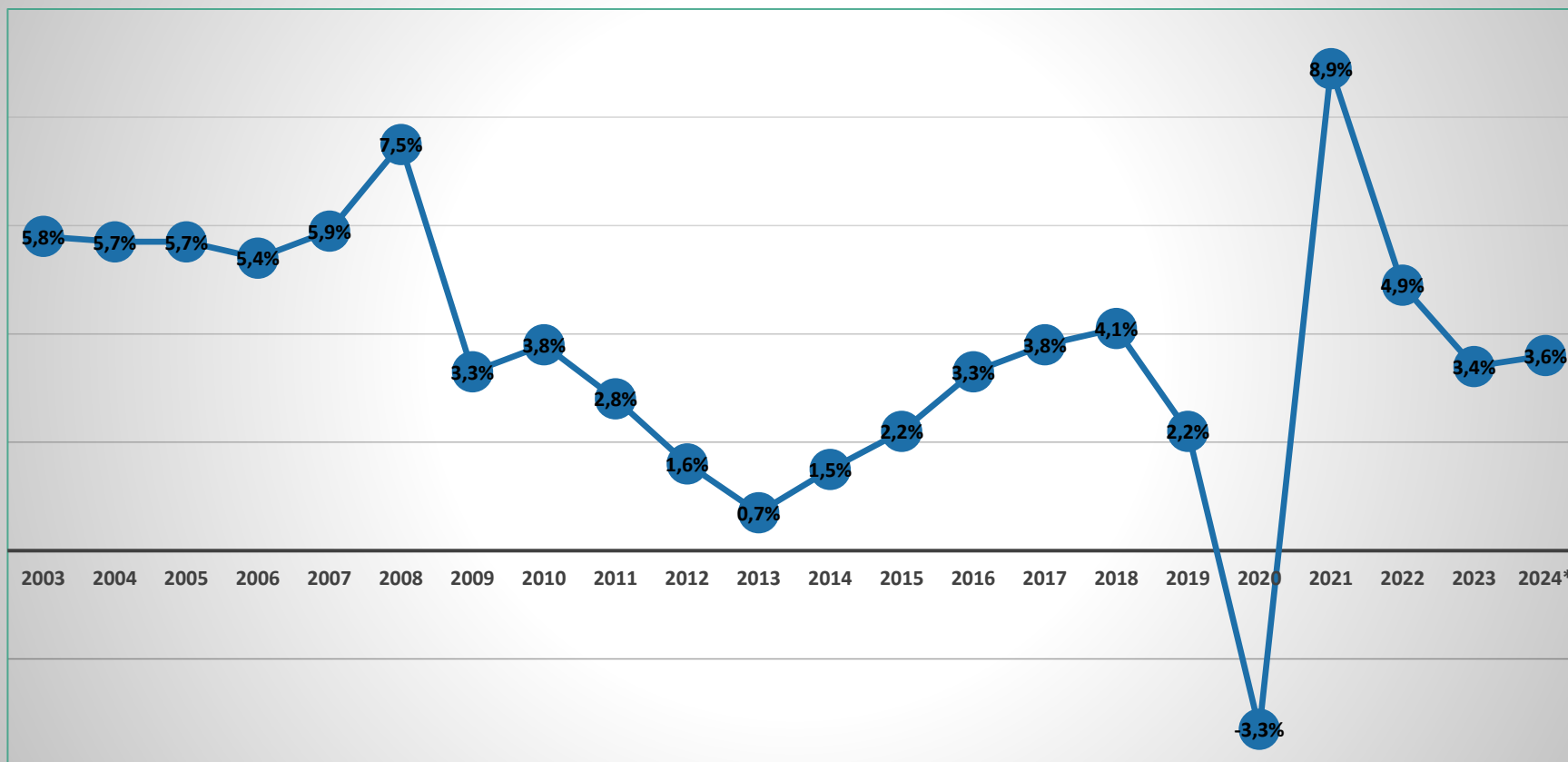
Services: Call Centers, IT

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

Environment and communal services: recycling, water and sewerage

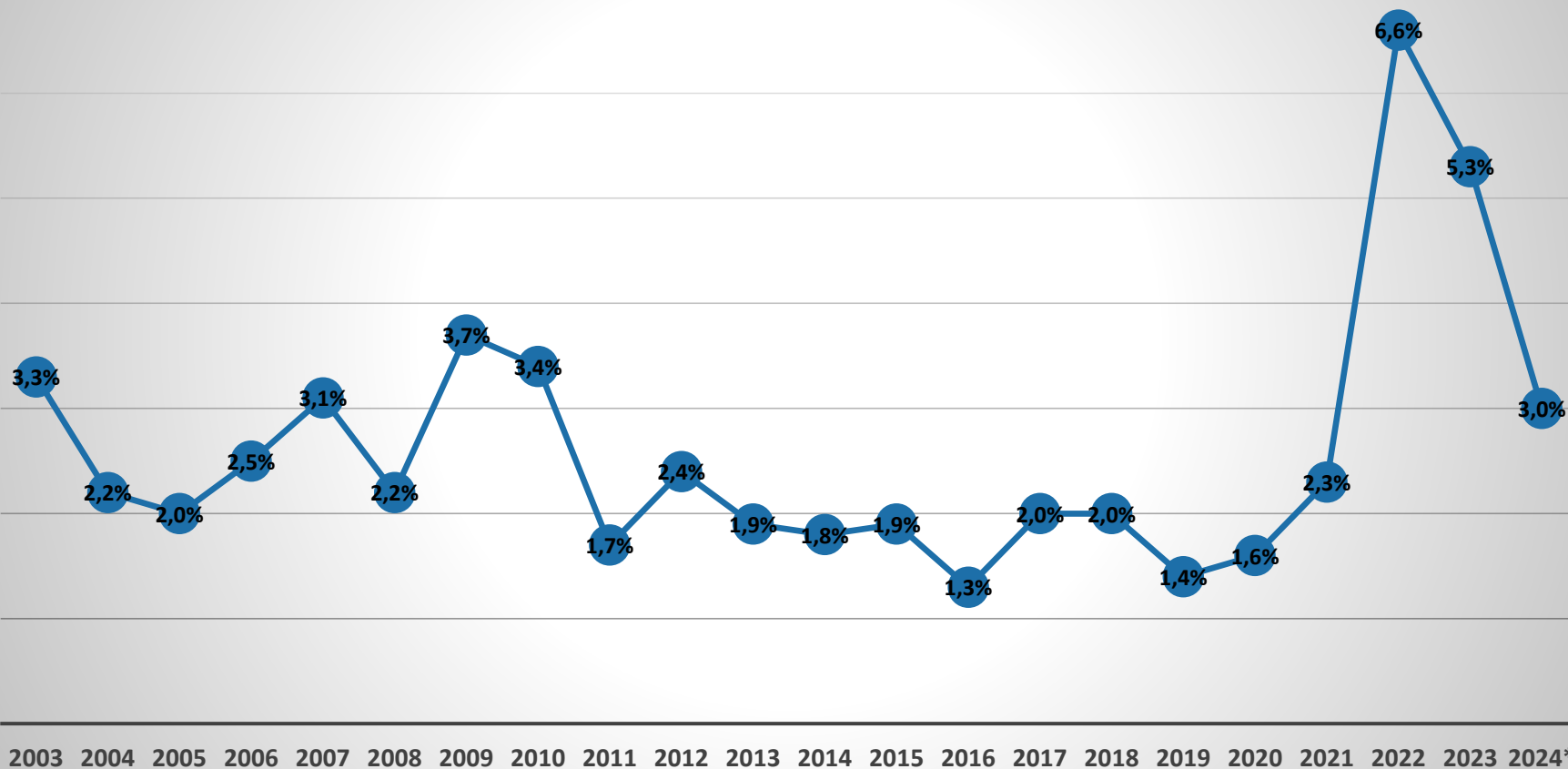
Albania - Economic Development

Growth Rate Development in %

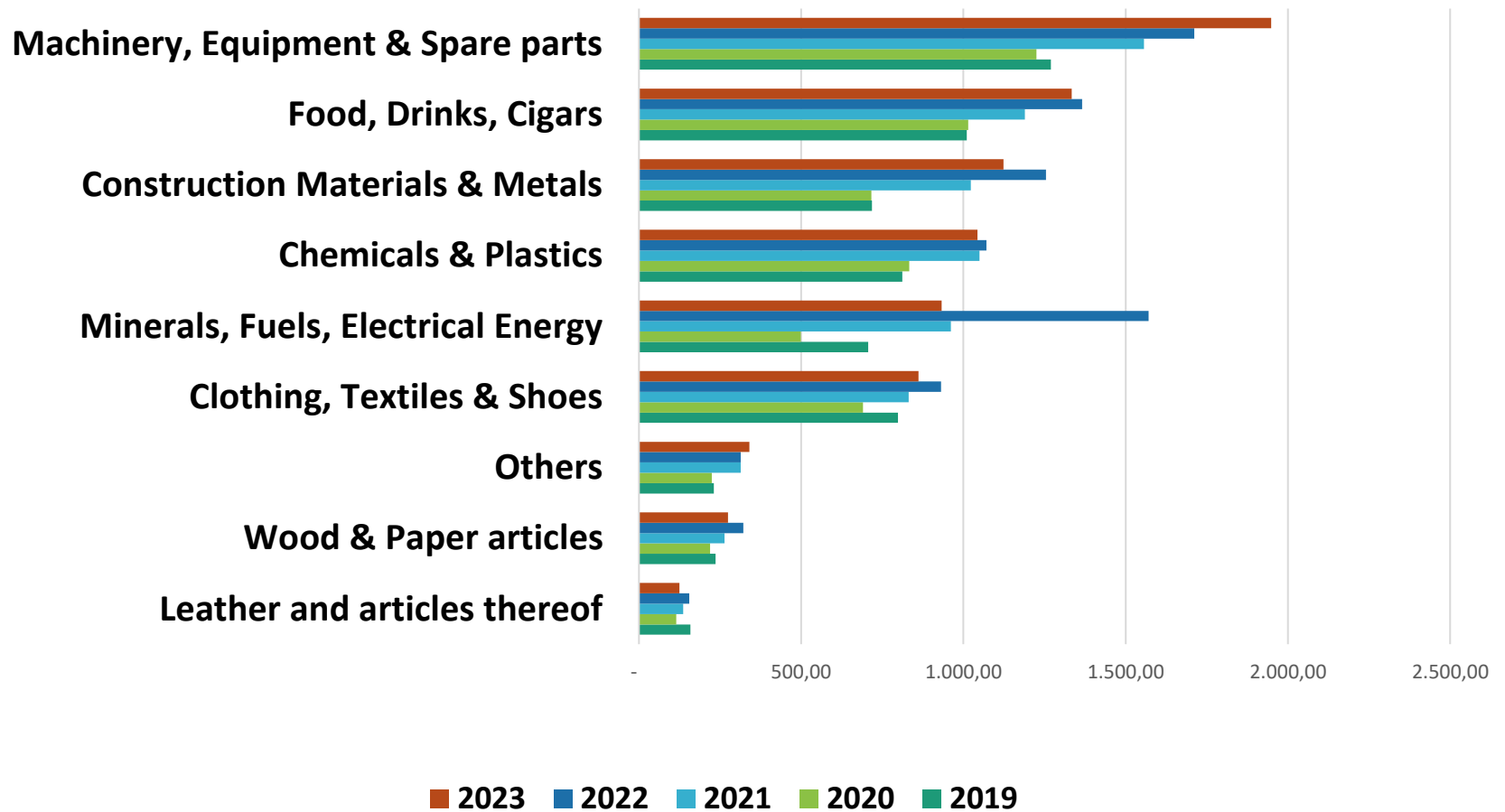


Albania - Economic Development

Inflation Rate Development in %

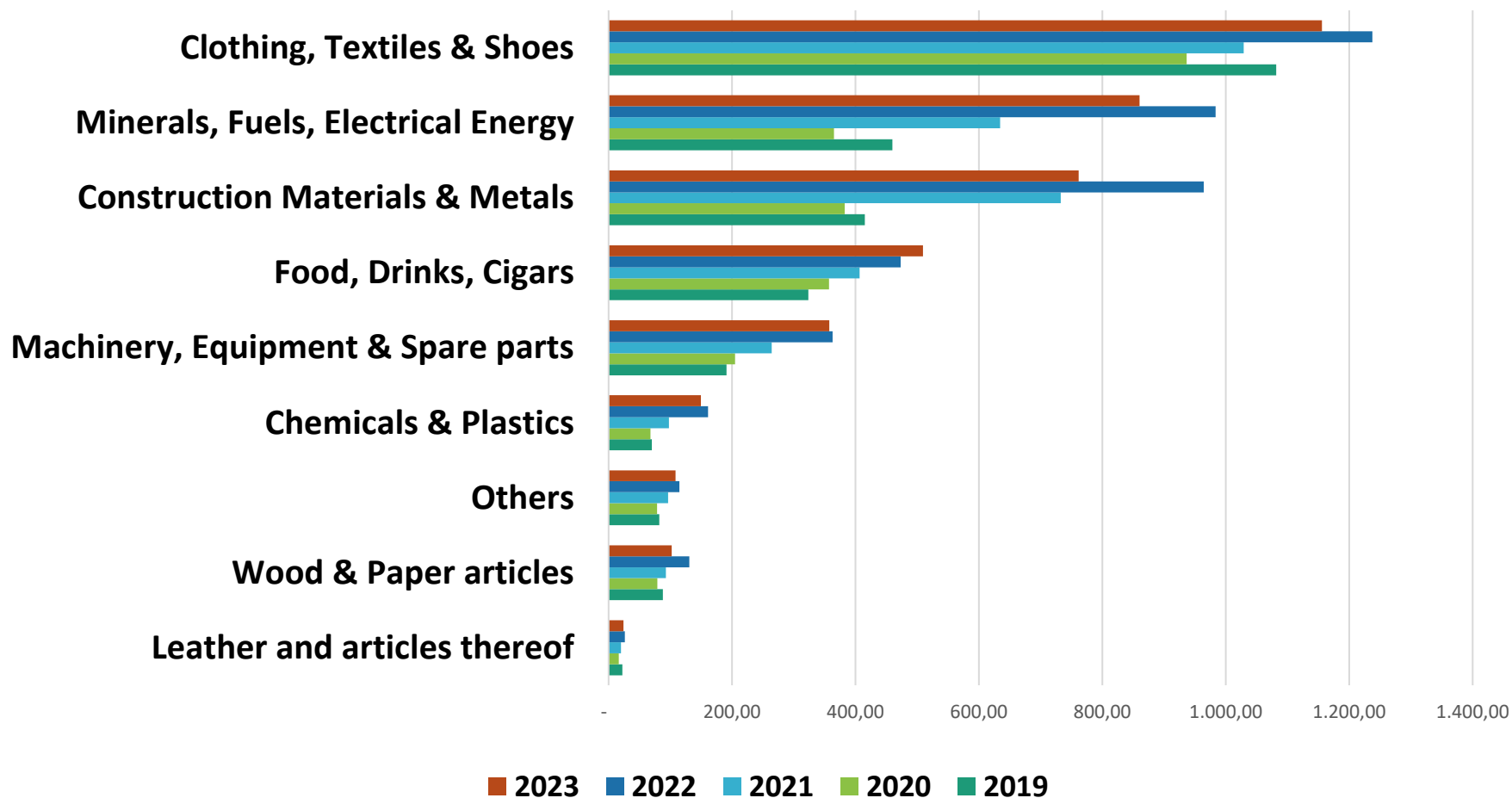


Imports in Albania 2019-2023 in million €



Sources: INSTAT 2024

Exports in Albania 2019-2023 in million €



Sources: INSTAT 2024

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: 400 €/per month
- Average Salary: 648 €/per month*

**Sources: WIIW 2024*

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 (500.000 €)
- **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

Licensing: 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

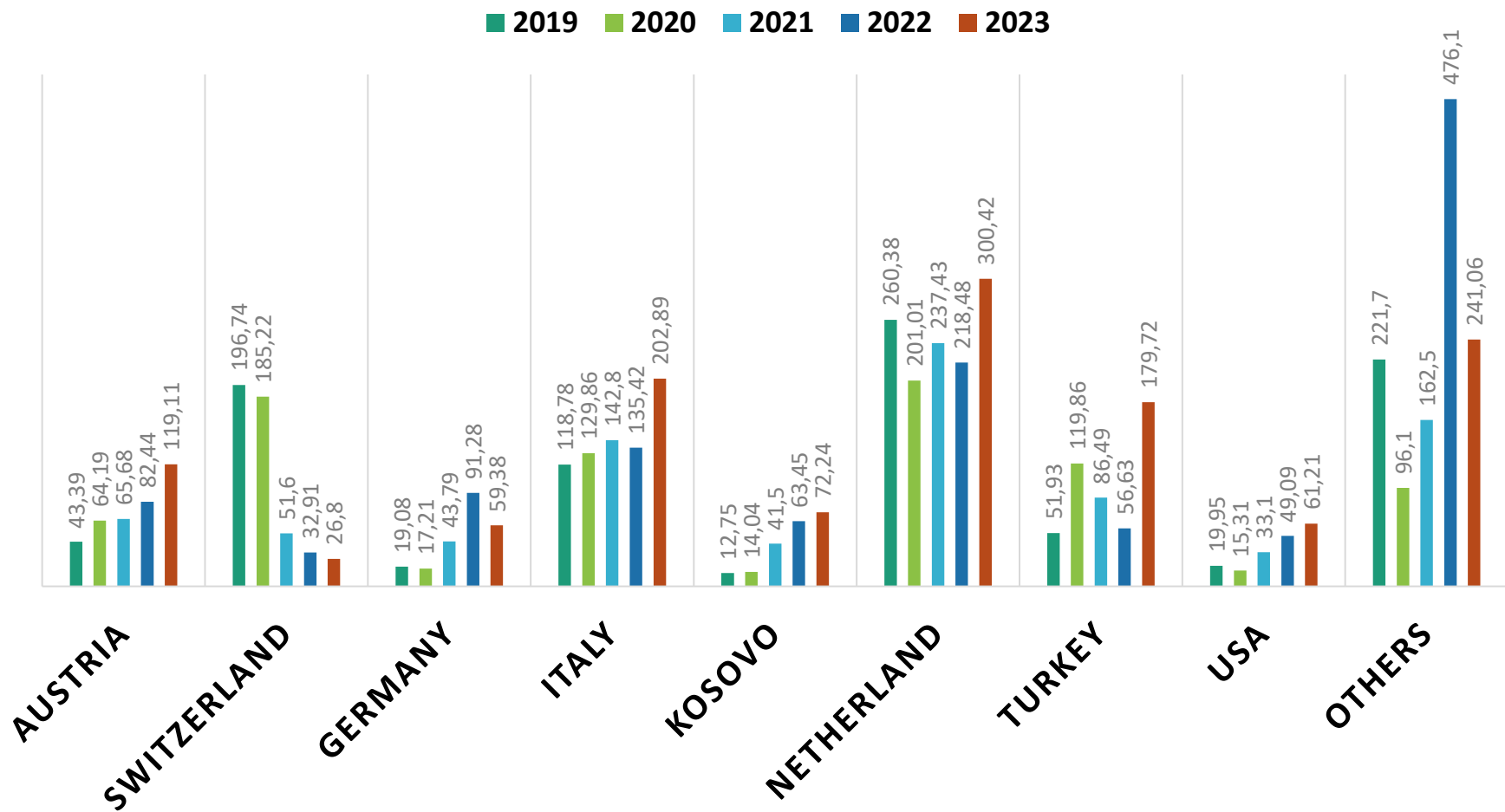
Priority of International Treaties

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

Real Estate

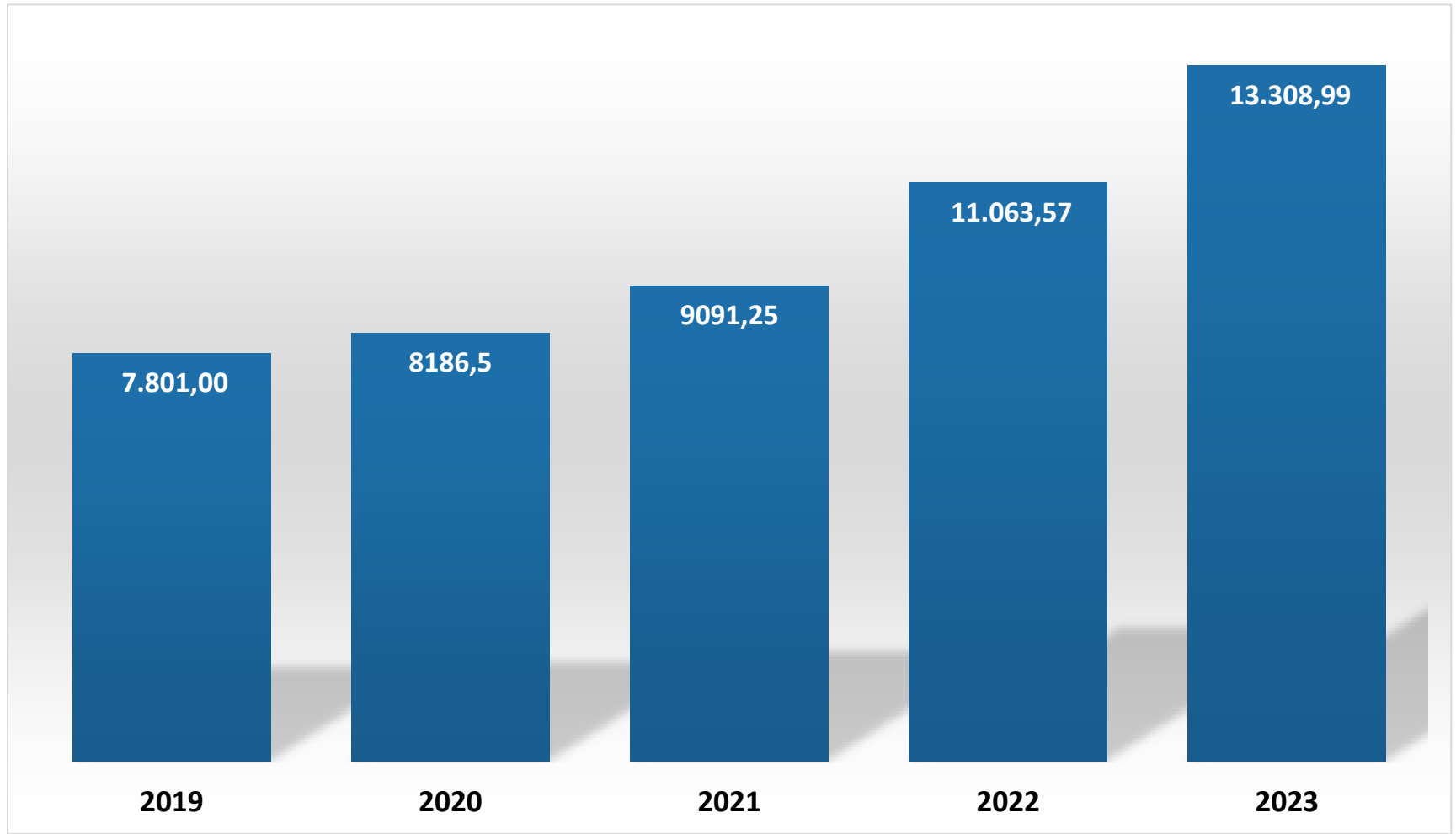
- Foreigners as persons cannot acquire real estate, companies yes
- Foreigners can only buy residential units, no land
- Symbolic Tariff of 1 EUR leasing contract, when renting governmental property.

Flow of FDI in Albania by country in million €



Sources: BoA 2024

FDI-Stock in Albania in million €



Sources: BoA 2024

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

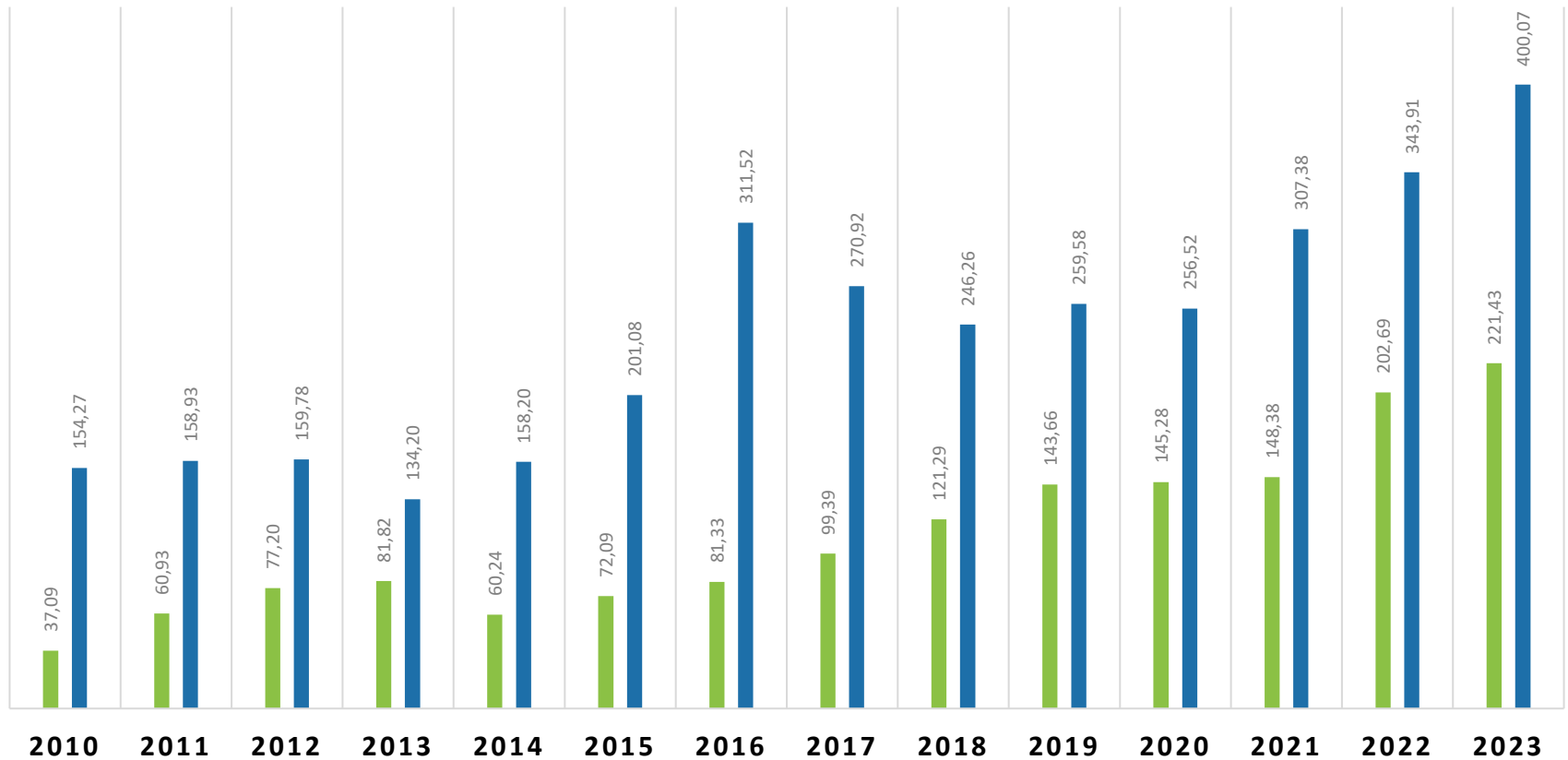
Law No. 55/2015, „ On Strategic Investments“ - in force since 2016

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



efasolution



Albanian Port Operator Shpk.



German Albanian Logistics Agency



TOMORROW.NOW
an investment of Lindner Real Estate Development



DIHA Output

DIHA is the representative of German Business in Albania since October 2008, with approx. 90 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



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