

# Foreign Tax Credit on Personal Income Tax (PIT)

## General info

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### Economy name

Albania

### ID

A1

### Incentive name

Foreign Tax Credit on Personal Income Tax (PIT)

### Brief description

Albania applies foreign tax credits rights even in case there is no double tax treaty in place with the economy where the tax is paid. If a double taxation treaty is in force, double taxation is avoided either through an exemption or by granting tax credit up to the amount of the applicable personal income tax rate in Albania (currently 15%).

## Legal reference

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### Legal reference name

Law No. 29/2023 "Income Tax" ("the new law") dated 30 March 2023 was published in Albania's Official Gazette 02/2023

### Legal reference (Law section / article)

Article 25

If, during one year, a resident taxpayer acquires tax income from sources outside the territory of Albania, the tax must be deducted from the amount of tax paid in a foreign economy on this income. The amount of foreign tax payable must be proven by documents issued for this purpose by the foreign economy/s where the income was realized and according to the terms and procedures of the services in the instruction of the minister for finance.

Deducted from the foreign tax paid, the foreign amount in point 1 of this cannot be income over the personal income that would be payable on that income if they were realized in the territory of Albania. The foreign tax credit must be calculated separately for each economy if the income are realized from foreign sources in more than one economy.

The foreign tax credit must be calculated independently for the income included in the basis annual tax and for yearly investment income.

## Incentive design

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### Incentive group

Financial

### Incentive category

Personal Income Tax (PIT)

### Economy-wide/Sector-specific

Economy-wide

**Sector (Simplified)**

All sectors

**Sector (NACE)**

N/A

**Size of firm that can use incentive**

All sizes of firms

**Level at which incentive is available**

Economy-wide

**Ownership of firm that can use incentive**

Any

**Incentive location**

General

**Main objective of the incentive**

Market expansion

**In case of grant, share of grant in investment (in %)****Access to information**

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**Contact Info**

Street "Dëshmorët e Kombit" Nr.3, Tirana 1001

**Weblink to Incentive information in English**

<https://www.tatime.gov.al/eng/c/3/13/double-taxation>

**Weblink to Incentive information in local language**

<https://www.tatime.gov.al/c/6/70/tatimi-mbi-te-ardhurat>

**Eligibility criteria**

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**Eligibility criteria (description)**

If a resident taxpayer in Albania earns income from sources outside the economy's territory in a given year, they are entitled to deduct the tax paid in a foreign economy on this income from their tax liability in Albania.

To claim the foreign tax credit, the taxpayer must provide documents issued by the foreign economy where the income was earned, verifying the amount of foreign tax paid. These documents must comply with the terms and procedures specified by the Ministry of Finance of Albania.

The amount of foreign tax that can be deducted from the tax liability in Albania cannot exceed the income tax that would be payable in Albania on the same income if it were earned within the economy's territory.

If the taxpayer earns income from foreign sources in more than one economy, the foreign tax credit must be calculated separately for each economy.

The foreign tax credit must be calculated separately for income included in the annual tax base and for yearly investment income.

**Eligibility criteria (weblink)**

<https://www.tatime.gov.al/eng/c/3/13/32/double-taxation-definition>

**Incentive administration**

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**Awarding Authority (Name)**

Ministry of Finance, Ministry of Economy and General Directorate of Taxes

**Application procedure + Weblink (where available)**

The procedure is defined by the Ministry of Finance: Double taxation ([tatime.gov.al](http://tatime.gov.al))

**Implementing Authority (Name)**

Ministry of Finance, Ministry of Economy and General Directorate of Taxes