

Technological Parks - CIT Exemption

General info

Economy name

Albania

ID

A38

Incentive name

Technological Parks - CIT Exemption

Brief description

The tax rate is 0 (zero) for 15 consecutive years for those revenues generated by the activities that take place in the park

Legal reference

Legal reference name

Law No. 58/2022 on Technology and Science Parks and 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 69

Transitional Provision

The tax reliefs and exemptions provided for in Law No. 8438, dated 28.12.1998, "On Income Tax," as amended, continue to apply as follows:

a) For individuals engaged in certified "agritourism" activities according to the current tourism legislation, the 5% income tax rate will apply until December 31, 2029;

b) For entities operating in accommodation structures "Hotel/Resort with four and five stars, special status" as defined by tourism legislation and holding a registered and internationally recognized brand name, the exemption from corporate income tax will continue to apply according to the provisions of letter "g" of Article 18 of Law No. 8438, dated 28.12.1998, "On Income Tax," as amended;

c) For entities engaged in economic activities according to Law No. 38/2012 "On Agricultural Cooperative Societies," the 5% income tax rate will apply until December 31, 2029;

ç) For legal entities registered before the entry into force of this law, which are engaged in economic activities for the production or development of software, the 5% profit tax rate will apply until December 31, 2025;

d) For entities engaged in economic activities in the automotive industry, the 5% income tax rate will apply until December 31, 2029;

dh) For:

i. individual traders;

ii. the self-employed, and;

iii. entities:

with gross income up to 14 million ALL per year, the 0% income tax rate will apply until December 31, 2029. The 0% tax rate does not apply to taxpayers specified in subdivisions "ii" and "iii" of this letter who provide professional services. The detailed list of professional services is determined by a decision of the Council of Ministers in accordance with the current legislation regulating these professional services.

Incentive design

Incentive group

Financial

Incentive category

Corporate Income tax (CIT)

Economy-wide/Sector-specific

Sector-specific

Sector (Simplified)

ICT

Sector (NACE)

K TELECOMMUNICATION, COMPUTER PROGRAMMING, CONSULTING, COMPUTING INFRASTRUCTURE AND OTHER INFORMATION SERVICE ACTIVITIES (en)

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

Research and development (R&D)

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

Contact Info

Street "Skerdilajd Llagami", Nd. 1, H.6, Kodi postar 1019, Njësia administrative 2, Tirana

Weblink to Incentive information in English

<https://kpmg.com/al/en/home/insights/2023/08/implementing-provisions-of-the-law-on-technological-and-scientific.html>

Weblink to Incentive information in local language

<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwjPyNbd56WGAxWW1AIHHfd3AHUQFnoECBEQAQ&url=https%3A%2F%2Fwww.tatime.gov.al%2Fshkarko.php%3Fid%3D14243&usg=AOvVaw0Qh1EZHldW6r5NbB1seNeM&opi=89978449>

Eligibility criteria

Eligibility criteria (description)

The activities allowed in the park are limited to research and development activities, and not to mass production of products or services.

Activities allowed in the park include activities that:

- engage in research and development, with the aim of benefiting from new technological or scientific knowledge, which enables the development of products or services;
- create new methods of production of products or services or use advanced technology in software production, data processing or similar activities;
- improve products and services in a way that brings substantial change, not of an aesthetic nature, in part or function, compared to existing products;
- focus on training and raising the capacities of professionals, in order to engage them in the production of innovative products and services.

Within the framework of research-development and innovation, the Council of Ministers may approve other permitted activities.

Eligibility criteria (weblink)

<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwjPyNbd56WGaxWW1AIHHfd3AHUQFnoECBEQAQ&url=https%3A%2F%2Fwww.tatime.gov.al%2Fshkarko.php%3Fid%3D14243&usg=AOvVaw0Qh1EZHldW6r5NbB1seNeM&opi=89978449>

Incentive administration

Awarding Authority (Name)

Ministry of Finance, The Investment Development Agency of Albania (AIDA) and the Council of Ministers

Application procedure + Weblink (where available)

Application for permits and licenses from the developer or user are to be processed within 15 - 30 working days. Under the DCM no. 337 date 31.05.2023 "For determining the procedures and the criteria for the selection of the developers of the technological and scientific parks" the selection of developers of technology and scientific parks is done based in one of the following procedures:

Bidding procedure for parks constructed on state-owned real estates - The Bidding procedure for the selection of the developer is a procedure in which any interested applicant can participate. The bidding procedure shall be notified by the competent authority in the Official Announcements Bulletin.

Procedure for selecting developers for parks constructed on private owned real estates - The selected developer must be approved by the Council of Ministers and published in the Official Announcement Bulletin.

The activity of developers of the parks will start after the approval for operation of the park is awarded by the Council of Ministers and the area, entry and exit gates and the operation of the customs point are specifically determined.

Implementing Authority (Name)

The Investment Development Agency of Albania (AIDA)