Exemption of Value Added Tax (VAT) for the Supply of Agricultural Machinery

General info

Economy name
Albania

ID
A46

Incentive name
Exemption of Value Added Tax (VAT) for the Supply of Agricultural Machinery

Brief description
The VAT exemption for agricultural machinery is part of the broader fiscal measures implemented to reduce the financial burden on farmers and agricultural producer in order to modernize the sector and enable technological advancement

Legal reference

Legal reference name
Law No. 92/2014 dated 24.07.2014 "On VAT in Albania"

Legal reference (Law section / article)
Article 56, paragraph 38 Import of machinery and equipment:
a) for the realization of investment contracts with a value equal to or greater than 50 million lekë;
b) for the realization of investment contracts in the active processing and agribusiness sector, regardless of the value of the investment; and
c) import of production machinery by entities subject to simplified profit tax.
The list of machinery and equipment directly related to the investment, the exemption procedure, the relevant criteria, and the categories of economic operators included in the active processing and agribusiness sector, are determined by a decision of the Council of Ministers.

Incentive design

Incentive group
Financial

Incentive category
Value Added Tax (VAT)

Economy-wide/Sector-specific
Sector-specific

Sector (Simplified)
Agriculture

Sector (NACE)
A AGRICULTURE, FORESTRY AND FISHING

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
Increase competitiveness

In case of grant, share of grant in investment (in %)

Access to information

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

Weblink to Incentive information in English
https://www.pwc.com/al/en/Tax_Alert_May_June_2023.pdf

Weblink to Incentive information in local language
https://www2.deloitte.com/content/dam/Deloitte/al/Documents/tax/Ligji_nr.92-2014_date_24.07.2014_Per_TVSH-ne_(i_indeksuar_nga_Deloitte).pdf

Eligibility criteria

Eligibility criteria (description)
Businesses importing such machinery must declare that the purpose of the import is not for resale but for use in agricultural production. The exemption is designed to support the modernization and efficiency of agricultural practices in Albania. The exemption applies to the import and supply of agricultural machinery and equipment directly used in agricultural production, such as tractors, plows, harvesters, and other essential equipment.

Eligibility criteria (weblink)
https://www2.deloitte.com/content/dam/Deloitte/al/Documents/tax/Ligji_nr.92-2014_date_24.07.2014_Per_TVSH-ne_(i_indeksuar_nga_Deloitte).pdf

Incentive administration

Awarding Authority (Name)

Ministry of Finance, General Directorate of Taxes and Council of Ministers

Application procedure + Weblink (where available)

The application needs to be submitted to the General Directorate of Taxation in a paper form

Implementing Authority (Name)

Ministry of Finance, General Directorate of Taxes and Council of Ministers