

# Technological and Economic Development Area (TEDA) - Deductible Social Security Costs - Income Tax Deduction.

## General info

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### Economy name

Albania

### ID

A7

### Incentive name

Technological and Economic Development Area (TEDA) - Deductible Social Security Costs - Income Tax Deduction.

### Brief description

Wages and social security costs 150 % deductible for the first year. New expenses for these categories compared to the previous year are 150 % deductible for the subsequent year.

## Legal reference

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### Legal reference name

Law No. 9789/2007 On the Establishment and Operation of Technological and Economic Development Areas" - Dated 19.7.2007, "As Amended with Law NO. 54/2015 "On Several Amendments and Addenda to Law No. 9789".

### Legal reference (Law section / article)

Chapter 4, Article 13 CHAPTER IV EXEMPTIONS FROM FISCAL OBLIGATIONS

Article 13 Exemptions from customs duties

1. Technology and economic development areas benefit from the following facilities: a) entry and exit of goods to/from the area, formalities and procedures are carried out according to the provisions of the Customs Code; b) developers and users are exempted from paying 50 per cent of the profit tax rate for the first 5 years, from the beginning of their activity in the area;c) the developer who invests in the area within 3 years from the date of the start of the works, or the user who invests in the area within 3 years from the beginning of the economic activity of the area, are recognized as deductible expenses, of the tax period, 20 percent of annual capital expenditures, regardless of the amortization amounts, according to the income tax law, for a period of 2 years; c) the supply of goods of Albania intended to be placed in the area, is considered as a supply for zero-rated export, in accordance with the provisions of the law on value-added tax and customs legislation; d) the developer's project is exempt from the infrastructure impact tax; d) constructions carried out in this area, according to the developer's project, are exempt from real estate tax for a period of five years; e) the developers or users of the area are exempt from the tax on the transfer of the right of ownership over real estate; e) expenses for salaries and social and health contributions, which the employer pays for the employees, are recognized at 150 per cent of the value during the first fiscal year of the exercise of the activity. In the following years, additional expenses for salaries, in relation to the previous year, for the effect of calculating the taxable profit, are recognized as recognized expenses at 150 per cent of the value; f) the costs of training employees in the areas of technology and economic development, for the purpose of calculating the taxable profit, are recognized as recognized expenses of the tax period with double the value for a period of 10 years from the beginning of the economic activity; g) expenses for scientific research and development are recognized as recognized expenses with double the value for a period of 10 years from the beginning of the economic activity. 2. The transfer of an

existing activity in the territory of Albania to the area of technology and economic development, with the main purpose of benefiting from the facilities provided for in this law, is prohibited. Any transaction, which essentially results in the transfer of economic activity, according to the definition above, is prohibited.3. If the products leave the area for sale in the domestic market, at a price below the normal price for the product in question, or similar or directly replaceable products, and when material damage is caused to the domestic industry, the ministry responsible for the economy applies a missing value correction fee on the product in question. The ministry responsible for the economy is charged with the implementation of this corrective mechanism. 4. The Council of Ministers approves the procedures and criteria for the application for benefiting from fiscal facilities.

## **Incentive design**

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### **Incentive group**

Financial

### **Incentive category**

Other Tax

### **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**

Region-specific

### **Ownership of firm that can use incentive**

Any

### **Incentive location**

Free economic zone

### **Main objective of the incentive**

Economic diversification

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

## **Access to information**

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### **Contact Info**

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

### **Weblink to Incentive information in English**

[https://rise.esmap.org/data/files/library/albania/Renewable Energy/Albania\\_ Inventory of Investment Incentives.pdf](https://rise.esmap.org/data/files/library/albania/Renewable Energy/Albania_ Inventory of Investment Incentives.pdf)

**Weblink to Incentive information in local language**

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fportavendore.al%2Fwp-content%2Fuploads%2F2018%2F07%2FPermbledhje-Ligjore-Zhvillimi-Ekonomik.doc&wdOrigin=BROWSELINK>

## **Eligibility criteria**

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**Eligibility criteria (description)**

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.

**Eligibility criteria (weblink)**

[https://rise.esmap.org/data/files/library/albania/Renewable Energy/Albania\\_ Inventory of Investment Incentives.pdf](https://rise.esmap.org/data/files/library/albania/Renewable Energy/Albania_ Inventory of Investment Incentives.pdf)

## **Incentive administration**

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**Awarding Authority (Name)**

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

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

Procedure is facilitated by AIDA that serves as a one-stop-shop for foreign investors since filing the application form to granting the status and granting the incentives.

**Implementing Authority (Name)**

The Investment Development Agency of Albania (AIDA)