

DHOMA AMERIKANE E TREGTISË



AMERICAN CHAMBER OF COMMERCE

April 8, 2020

Nr. __15__ Prot.

To: **Mr. Edi Rama**
Prime Minister, Tirana

Ms. Anila Denaj
Minister of Finance and Economy, Tirana

Mr. Eduard Shalsi
Minister for the Protection of Entrepreneurship, Tirana

Mr. Arben Ahmetaj
Minister of State for Reconstruction, Tirana

Dear Mr. Prime Minister Rama, Minister Denaj, Minister Shalsi and Minister Ahmetaj,

The American Chamber of Commerce in Albania (the Chamber) appreciates the Government actions to protect the Albanian people from the spread of COVID-19. The national emergency declaration alongside the measures to enforce social distancing are assisting in containing this virus.

At the same time, the Chamber is following with great concern the adverse effect these measures are having on commerce and the business community in Albania, including many of our members. A great number of businesses across all sectors have had to curtail or completely suspend their activity in order to comply with governmental orders. They are experiencing a significant drop in revenue. This revenue drop is prohibiting many businesses from meeting their financial obligations, including, most importantly, paying their employees. Some of these businesses are the biggest employers in Albania, employing hundreds of thousands of people - vital to our society and our economy.

The Chamber calls on the Government to take additional difficult, yet critical steps to support all Albania's employers during this period. Supporting employers in this period where some of them are planning adjustments to their workforce, is key to supporting employees and vital to these individuals,

their families and our economy. Specifically, the Chamber calls on the Government to enact the following four proposals:

Ensure that access to credit funds are available to all businesses, regardless of size. We cannot emphasize enough the importance of liquidity for businesses at this critical time, and the spiral economic risks that follow from its absence. Following the announcement of the creation of a Government guarantee fund, it is important that *specific details* on how the fund will operate and how it can be accessed, follow promptly. The loans should be issued at minimal or Zero rates given that the guarantee fund helps financial institutions to significantly lower their risk. In addition, companies whose debt includes amounts owed to the Government should not need to take a loan to meet these obligations. The Government should delay these debt payments until these companies resume their normal business operations. For companies that have VAT credit, reimbursement must be quick and free of long and complicated procedures.

Provide unemployment benefits to all eligible employees, regardless of the size of the company that is laying them off. Unemployment pay is aimed at helping individuals, not companies. As such, the individual benefits should not be correlated with the size of the employer. Based on law number 45/2019 on civil emergencies, we strongly recommend that all employees who retain a relationship with their employer but are currently home due to employers' business operation being suspended or severely affected, receive unemployment benefits, regardless of the business size of their employer.

Delay the prepayment of taxes for the year 2020. Taxes are prepaid taking into account revenue declared during the same period the year before. This is not a 'business as usual' year, as the Government has clearly acknowledged by declaring a national state of emergency and imposing very strict measures on the Albanian people and businesses. We recommend suspending any tax prepayment requirements and passing a legislation that effectively will allow companies to make delayed payments in installments for all industries adversely impacted by the virus and governmental measures. In addition, we recommend that payments of local taxes, social security contributions and personal income tax are delayed for a period of at least two months.

We urge the Government to consult with stakeholders before making important decisions impacting businesses. Any measures that are created and passed into law must reflect the needs of the business community. We note that the Chambers of Commerce in Albania possess a great wealth of information and have a finger on the pulse of the Albanian business community. Our Chamber will gladly assist the Government with information and expertise in a timely manner in order to mitigate the impact that the business community, and consequently, our entire society is feeling in these times. Business representatives are indispensable during this crisis and should be part of the discussion. Their input would significantly increase the quality and sustainability of your legislation and increase the effect of the measures in long term.

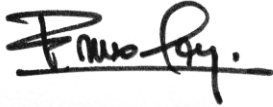
Please note that these proposals are the result of a detailed and comprehensive process. They embody a questionnaire of our members representing an equivalent of 21% of Albanian economy, a summary of quantitative analysis from our three Committees: Taxes, Legal and Investments, as well as best COVID-19 practices from our network of 109 American Chambers of Commerce around the world.

The Chamber urges you to take these four proposals into consideration. We are confident that these steps will provide much needed relief and allow for increased liquidity, more access to capital and

help businesses continue to operate during this time. In addition, we are providing more detailed information in support of these proposals, outlined in the appendix to this letter.

Thank you all for your leadership. The Chamber looks forward to continuing to work with you to help our nation as we confront this challenge together.

Sincerely,

A handwritten signature in black ink, appearing to read "Enio Jaco", written over a faint horizontal line.

Enio Jaco
President

Appendix of Additional Recommendations

Recently, the Chamber formed a COVID-19 task force and called upon the Tax, Legal and Investment Committees to identify challenges on the ground and present solutions for the Government to enact. These task forces are focused on gathering input from the Albanian business community to help policymakers undertake responsible, fact-based planning for the current situation. The Chamber also conducted a comprehensive survey of its members to collect feedback regarding the existing Government measures and recommendations of additional measures they would like the Government to undertake. These task forces will continue to meet remotely and provide recommendations as the situation continues to unfold.

Outlined below are the Chamber's additional recommendations or clarifications on topics presented in the letter that we urge you to consider. In addition, our experts, as part of our working committees have identified the four measures listed above as most urgent, yet the measures that follow below are also necessary. Therefore, the measures the Chamber is proposing in this letter reflect the sentiment of its members as well as the opinion of our experts.

Allow and enable, where possible, judicial bodies to continue to work online. Court systems have been severely affected by the latest Government measures. As a result, many legal services vital to the ongoing of commerce have been interrupted creating great challenges for businesses in need of their services. The Chamber encourages the Government to include in its actions the continuity of court services by exploring digital tools such as existing online platforms and applications. In addition, the Chamber believes handling physical cases at a reduced rate in order to allow for social distancing conditions while requiring that all parties involved wear protective gear, could mitigate to an acceptable level the risk associated with the provision of these much needed services.

Improve the functionalities of E-Albania and other important online platforms. The last few years, the Government has made great progress in providing Public Administration services online. These online capabilities should allow for the continuation of services even during times of social distancing requirements. However, during peak use times, such as these, performance-based issues for these platforms occur at a much higher frequency. Our members are reporting this to be the case with some of the biggest online platforms such as, e-Albania, the National Business Center and the National Agency of Information Society, which provide important services for businesses. It is important that these systems – which are mandated with no other alternatives - have the necessary resources to remain operational during this time.

Elimination of VAT for essential Medical and other Food supplies. The Government should consider the elimination of the VAT for essential medical and other imports tied to domestic food production in order to ensure the right level of supply of products that are vital to the people of Albania during this emergency enter the country.