

NewsLetter 20 Years



THE OFFICIAL NEWSLETTER OF THE AMERICAN CHAMBER OF COMMERCE IN ALBANIA

ECONOMIC MEASURES AND RELATED NORMATIVE ACTS

FINANCIAL PLAN



On Page 5

COVID-19, PANDEMIC

Dealing with the crisis



AMCHAM PROPOSES SOLUTIONS

On Page 2

RESULTS OF AMCHAM

questionnaire on current crisis

In an effort to collect the opinion of its members on how their operations have been impacted by the current COVID-19 outbreak, the American Chamber of Commerce in Albania conducted a questionnaire that helped provide a clearer picture of the situation in all sectors of the economy and the problems businesses face.

We would like to thank each of the members who provided AmCham with valuable feedback on the situation faced by businesses in different areas of the economy. The data and statistics will help guide AmCham's lobbying efforts and assist in formulating clear demands for the Albanian government.

On page 4 is more information on the views of AmCham members on the issues addressed in the questionnaire:

CONCERNS EXPRESSED BY AMCHAM MEMBER BUSINESSES SPLIT BY SECTOR:

CONSULTING SERVICES

Representatives of the consulting businesses raise various issues they are facing during the lockdown period established to prevent the spread of COVID-19. They are concerned because their sector is facing payment refusals, leading to a chain of lack of liquidity, mainly as a result of declining sales and delays in payments from clients.

Under these conditions, getting new business or starting new projects is almost impossible. Also, the lockdown limited movement hours create great

» Continued on page 4

ECONOMY IN TROUBLE

ENIO JAÇO, PRESIDENT OF THE AMERICAN CHAMBER OF COMMERCE, EURONEWS ALBANIA INTERVIEW

ILVA TARE: What are the views of the members of the American Chamber of Commerce; what are their main concerns on the situation?

ENIO JAÇO: AmCham members are worried. We are in constant touch with them, first and foremost to understand the specific concerns each

member has. But also to understand the concerns that each sector has, because they are different from one sector to another. At the same time, we are actively working to draft the right proposals. We have made some proposals, and we are preparing others to communicate them to

the Government to manage this crisis in the best possible way.

We are aware that at this moment we all have three main objectives. The first is to save as many lives as possible. It looks like this part is going as well as it can under the circumstances. We have a low

» Continued on page 3

COVID 19- ECONOMIC NEWS



» On Page 6

10 proposals of the Manufacturers' Union. Salaries should be subsidized by 80 percent, local taxes should be deferred until December 2020, energy price should be reduced

Euro drops to 128.5 lek, following the artificial growth of the last two weeks, but the difference in currency trading remains high.

Development of capital markets, the Draft Law in Parliament. Financing opportunities and transparency in investments.



DEALING WITH THE CRISIS

- AmCham proposes solutions

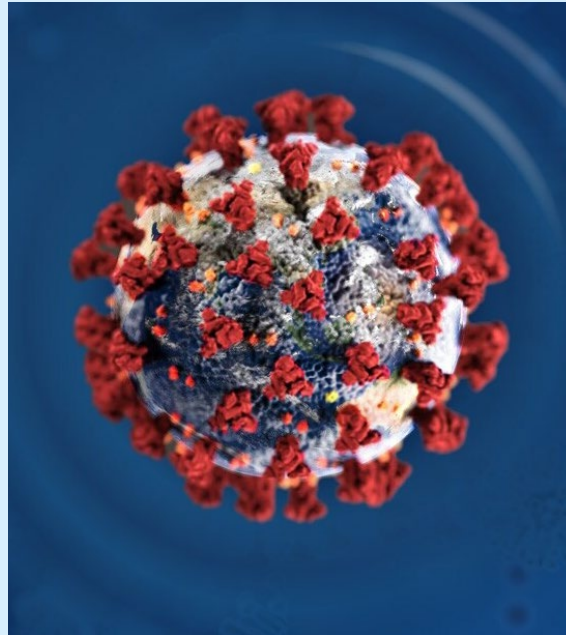
COVID-19 and the resulting global economic crisis has engulfed Albania. Unprepared in their business plans for such a drastic shutdown of production and services in many sectors, businesses now face a big question: How do we survive?

AmCham members have taken this question to the organization, which in the early days of the pandemic decided to ask the government for a concrete plan of measures to help a wide range of businesses.

Although AmCham supports the strict social distancing measures enacted, these efforts have created real challenges and there is a need to minimize their consequences. The economy will pay a heavy toll first. Businesses -- the engine that drives the economy -- have felt since the early days the paralysis created by the lockdown measures.

In an unprecedented situation like the current crisis, AmCham has encouraged the Albanian government to develop an emergency plan to support the business community in order to prevent a deep economic crisis that could erode the country's healthy economic base.

AmCham believes that the govern-



ment and businesses must come together and support each other as the only way out of a crisis whose end can not yet be seen. "We must all work together to identify and draft the best solutions in

order to minimize the long-term adverse effects on the business community and, more broadly, on the country's economy," AmCham said in a press release.

Making public its views on the sit-

uation and the measures that must be taken, the leadership of the American Chamber of Commerce in Albania noted: "These are not ordinary times for businesses. Government policies should be focused in line with the extraordinary situations in which we are living. We believe that our recommendations will help all businesses that are financially impaired by relieving them of their mandatory financial obligations set in normal times."

THE PLAN OF MEASURES PROPOSED BY AMCHAM ALBANIA

- » Request for the extension of legal deadline for:
 - Filing of financial statements;
 - Filing of profit tax declaration and payment forms;
 - Annual notice of controlled transactions.
- » Elimination of fiscal obligations for at least three months, and, for businesses in the tourism sector, for six months.
 - » Establishment of an emergency fund that will enable access to capital (*through soft loans and grants*) so that businesses can cope with the negative effects of this period.

LAJME ANËTARËSH



CCBS

Coca-Cola Bottling Shqipëria (CCBS), the manufacturing company of the "The Coca-Cola Company" brand of products in Albania, has made a donation of 6,000,000 ALL to the Infectious Disease Department of the "Mother Teresa" University Hospital Centre, in Tirana.

"This donation is a needed act of kindness so we provide our support and help in order to cope with the emergency situation and was made possible thanks to the sense of responsibility from the people working at CCBS," - said the President of CCBS, Luca Busi.

We, at AmCham are proud of these acts of kindness and cooperation that American companies like Coca-Cola have provided during these difficult days for the Albanian health system.



ABI BANK

deferrers loan payments in support of clients

The American Bank of Investments has decided to act on the initiative of the Supervisory Council of the Bank of Albania, which decided to postpone the payment of credit installments to all bank customers by 3 months. ABI Bank appreciated the initiative as an effective measure to enable clients to set aside the burden of making loan payments and allowing them to focus on their families and employees, which is more urgent at this moment.

"This is not the time to look at how we will turn out at the end of the year, but to help clients with urgent needs," said the Director of ABI Bank, Mr. Andi Ballta.

The American Chamber thanks its member for the initiative aimed at helping businesses and individuals in this difficult situation.



ENIO JAÇO, PRESIDENT OF THE AMERICAN CHAMBER OF COMMERCE, EURONEWS ALBANIA INTERVIEW

» Vijn nga faqja 1

infection curve. It is also important to manage the healthcare system so that it is not overwhelmed and that there is no humanitarian crisis.

But what is also very important to us, and which we are actively working on, is that the economy is not destroyed in the process. These are the main objectives on which we are working closely with our members.

ILVA TARE: Have you, as AmCham, had concrete proposals regarding measures that need to be taken and the assistance that the Government should provide?

ENIO JAÇO: We have made three main proposals. We are preparing more detailed ones, but the tax payments should be deferred first. This is something that has been applied in most countries. We think it's very reasonable.

We have proposed eliminating taxes for certain sectors, those most affected and most in need. And, what's even more important to us, an emergency fund must be created so that businesses that are affected can access capital and be able to pay employee salaries and have operational continuity over a given period. We have proposed that this be applied to those businesses that retain 90 percent of their workforce, thus maintaining continuity.

The measures should target two important elements. The mitigation of consequences, as businesses have been hit hard during this period. And we need to provide continued liquidity for businesses so they can keep up with their obligations but also retain their employees.



ILVA TARE: You, Mr. Jaço, have just returned from the United States. I know that often when we make comparisons to Germany, Greece or the U.S. in aid provided, we are told that we are not like them. But can we have a similar assistance approach? What plans does the

U.S. have to help inject assistance into the economy?

ENIO JAÇO: Yes, we can have a similar plan. In fact, in some ways, it doesn't matter how big or small the economy is. What is important is the ratio of the stimulus to the size of the economy, so the ratio of the stimulus injected to the Gross Domestic Product.

The golden measure that economists recommend for the coronavirus

situation is 10-15 percent of GDP. So a stimulus that amounts to 10-15 percent of GDP. Some of the countries with the best fiscal packages have done this. This has happened in the UK and France. But even the United States' \$2.2 trillion fiscal package is very good and represents 10 percent of GDP.

By our accounts, the stimulus package the Government has proposed is about 2.5 percent of the GDP of Albania. We think that is insufficient.

I am convinced that we will go to phases B, C, D, and this is understandable as it is something that will grow further. What has worked well in America -- the reason why stock markets and experts have reacted, but also the economy has begun to show some good signs -- is because this package is substantial, so it's large, but also detailed. There is legislation that applies to almost all sectors.

It is very detailed. It creates the opportunity and gives the right guidance for businesses to apply. And most importantly, it provides a sufficient liquidity fund for almost every business. It offers a fund for small businesses and also one for large businesses. This is done in the form of soft loans.

It is very important for businesses in this period to operate and have access to capital, so that, if this situation persists for two or three months, they will be able to make payments to their employees so that this does not turn into a social risk. It is also important for businesses to function more or less the same as before. So it is very important to have access to capital. This is working in the United States, so the markets have responded positively.

Results of AmCham

questionnaire on current crisis

» Vjion nga faqja 1

difficulties in providing direct services according to customer needs. Due to restrictions on gatherings of people, testing new equipment that some companies offer, which would make it easier to provide service, is impossible. Other difficulties are related to making payroll and insurance payments while work is not being performed as well as loan deferrals, the need to extend contract deadlines, the inability to make rent payments while production is not taking place and there is no liquidity.

Many consulting firms are worried that they are being forced, at the request of clients, to communicate job cuts to companies that have offices in the country.

All these issues have created a climate of instability and panic among the representatives of this sector.

SERVICES

Companies that provide different services to their customers say that the situation is creating serious problems for them, especially with restricted mobility making it difficult for customers to reach business counters. Forcing customer visits on a limited timeframe has made it difficult to deliver services. Consequently, it is difficult to collect customer payments and there is a lack of liquidity.

Meanwhile, businesses are forced to continue to pay taxes, obligations, employee payments, rents and any other liabilities, and that is causing huge losses in the balance sheets of companies, which now fear bankruptcy.

The situation is creating anxiety and panic among business owners and managers as the situation appears difficult and unpredictable. Under these conditions, no planning is taking place on how businesses can recover.

PRODUCTION AND TRADE

Companies in the manufacturing and trade sectors are facing severe problems during the current situation in the country and beyond as authorities try to tackle the COVID-19 pandemic.

These companies say their

operations have almost been paralyzed. As a result of restrictions on the use of vehicles, these businesses have had problems with the supply of raw materials and also with the sale of their products, leading to residual inventories that are at risk of expiring or going bad, increasing business costs.

As a result of the breakdown of the chain of production, it is difficult to maintain and circulate liquidity, to pay rent, salaries and insurance of employees, loan payments and other obligations that businesses have to public or private institutions. Companies providing garment and shoe manufacturing are facing many problems with the sale of the goods they produce, with orders being canceled as a result of restrictions of movement between states and movement within the country.

Companies that sell and repair vehicles report similar issues due to the restriction of vehicle traffic. That sector's companies have repeatedly voiced their concerns about the encouragement of the import of used cars by setting very low customs duties without regard to the problems that these vehicles have as a result of being used for a long period of time. Vehicle repair services have been shut down due to traffic restrictions, while, paradox-

ically, such companies have been allowed to operate under the emergency government guidance.

Production and trade companies say they are alarmed by the crisis not only within Albania but also globally and for problems that may come as a result of the breakdown of the economy and cross-sectoral cooperation. It is necessary for these businesses to be assisted by the government with concrete economic assistance as well as a clear picture of the situation and a statement of how long this situation will last.

AGRIBUSINESS

Representatives of AmCham agribusiness member companies have expressed concerns about the lockdown schedule set by the government's guidelines to conduct business activity, calling it inappropriate for their businesses. Representatives of this business sector propose the schedule be moved to 7:00-15:00 as a more suitable schedule for agricultural work.

Representatives of this sector are also concerned about the drastic reduction of the workforce and the consequences that brings. They expressed difficulties in making payroll and social security payments as operations have been significantly reduced.

According to agribusiness sector representatives, there is a need to postpone payments on loans that these businesses have with commercial banks by at least three months, distributing these liabilities in the coming months.

As of Jan. 1, 2019, these businesses are facing an atypical taxation, consisting of a 6% tax on raw material purchases and a 20% tax on sales, which has aggravated the situation and is asphyxiating businesses in this sector.

RESOURCE EXPLOITATION

Businesses in the mining sector, including those in chrome ore extraction, were among those that answered the questionnaire. They are concerned about the effects the crisis is having on the signing of new contracts for the export of extracted ore. Like any other sector of the economy in Albania, the business owners and managers of the sector are concerned about the future of their businesses.

ENERGY

Companies that provide services in the energy sector say they have serious problems related to the lack of staff to keep operations going. This causes problems in performing services or actions related to the work processes. The can-

RECOMMENDATIONS OF AMCHAM MEMBERS ON MEASURES THE GOVERNMENT SHOULD TAKE:

- » Reduce or eliminate fiscal responsibilities during this time.
- » Assistance toward employee salaries.
- » Reduce or eliminate 2019 scheduled fiscal payments.
- » Approve a list of measures that will allow workers to return to work (protective gear, minimal distance etc.).
- » Minimally, allow businesses that provide delivery services to reopen.
- » Assistance with the creation of a fund to allow business to remain liquid by providing zero interest loans.
- » To put on hold all loan payments for all workers that lose their job or are not being paid during this period.
- » Government actions should be broken down into specific actions and be made public.
- » Government-set schedules should not change so frequently and the timeframe should increase to more hours in a day.
- » Better coordination among government institutions.
- » There should be no discrimination on the part of the government on the size of the business.
- » Test everyone, allow healthy people to go to work.

cellation of orders from foreign customers has brought serious problems to the financial bottom line of these companies. There is a lot of concern over the collapse of the Brent oil price. Companies in this sector are concerned about the consequences this crisis will have on business.

NGOS

Non-profit organizations and charities have raised concerns about problems brought by the crisis in the implementation of their projects within the deadlines as a result of the restriction of movement and the reduction of available human resources in order to avoid exposure to the coronavirus that causes COVID-19.

Above is more information on the views of AmCham members on the issues addressed in the questionnaire:

Financial Plan

economic measures and related normative acts



The Normative Act No. 6 dated 21.03.2020 On Some Amendments and Additions to Law No.88/2019, "On the 2020 Budget" approved the following 7 measures:

- » \$ 100 million, through the instrument of a sovereign guarantee for companies that have objective difficulty in paying employee salaries.
 - \$ 65 million for the most immediate needs:
 - a. For the neediest layers of the population
 - b. For small business
 - c. Possible unemployment situation created because of the war
- » Permanent write-off of interest on late payments for active debtors who consume energy today, family or small business.
- » The reclassification in the second half of 2020 and onwards of income tax on businesses in the turnover range of 2 million ALL to 14 million ALL.
- » Postponement in the submission of financial balance sheets until 1 June 2020 for businesses which submit their balance sheets to NBC either electronically/online or directly.
- » \$ 20 million, made available to the Ministry of Defence for Humanitarian Operation.
- » \$ 10 million as a reserve fund to the Council of Ministers for any unforeseen emergency.
- » \$ 25 million available to the Ministry of Health, for medical equipment and materials or support for medical staff.

**RELEVANT GUIDELINES for the implementation of these measures have not yet been published.*

POSTPONEMENT OF THE DEADLINE FOR THE DECLARATION OF THE BALANCE SHEET AND THE PAYMENT OF TAX PROFIT

- » **Financial statements**, with respective annexes might be **submitted until 31 July 2020**;
- » For small businesses, the **tax calculated on the basis of the annual taxable income statement** is paid with the respective file declaration **within the second half of 2020**.
- » For small businesses, the **tax installments of the first and second quarter of 2020** are prepaid to the tax authorities' account **within December 31, 2020**.
- » Prepaid installments of **tax on profit corresponding to the third and fourth quarters of 2020**, shall be prepaid to the tax authorities' ac-

- count **within 31 December, 2020**.
- » **Taxpayers** under the category of Simplified Income Tax **with annual turnover from 5 (five) to 8 (eight) million**, payment of prepaid installments of simplified tax on profit shall be made:
 - d. for the first and second quarters of 2020 within 20 October 2020;
 - e. for the third and fourth quarters of 2020 within 20 December 2020.

References:

Normative Act No.10, date 26.3.2020
For an amendment in the law no.8438, date 28.12.1998, "On Tax On Income", as amended Official Gazette No.52/2020. Full content is available [here](#).

Normative Act No.11, date 27.3.2020
For an addition in the law no.9632, date 30.10.2006, "On the Local Tax System", as amended- Official Gazette No.53/2020. Full content is available [here](#).

Full content of GTD notification is available [here](#).

2 FINANCIAL ASSISTANCE FOR SMALL BUSINESS EMPLOYEES

Conditions and criteria that entities should meet:

- » to have revenues of up to ALL 14 million for year 2019;
- » must have ceased activity during the COVID-19 period.

Beneficiaries of financial assistance are:

- » self-employed persons;
- » unpaid family employees of a commercial natural person;

- » employees of natural persons.
- » employees of legal entities
- » ****The financial assistance benefitted by the above categories is equal to the minimum wage into force, ALL 26,000 (twenty-six thousand).***

Procedure:

Eligible entities should complete a form beginning from 1 April to be deposited to GDT with the following information:

- » Taxpayer identification data of the entity registered with NUIS (Taxpayer's Unique Identification Number);
- » Identification data of the individuals, including self-employed, unpaid family workers and employees: - name, father's name, family name - personal identification number of the individual - the bank where the beneficiary has the current account - IBAN of the beneficiary's bank account

Full content is available [here](#).

3 OTHER FINANCIAL DECISIONS

DECISION OF BoA SUPERVISORY COUNCIL DATED 12 MARCH 2020 facilitates banks, non-bank financial institutions and their savings and credit associations and their unions for the period March - May 2020 not to be subject to enforcement in cases where borrowers are insolvent of regulations requirements. - Full content available [here](#).

- » **JOINT ORDER DATED 17.03.2020 OF THE PRIME MINISTER AND GOVERNOR OF THE BANK OF ALBANIA**

FOR POSTPONING BY 3 MONTHS DISBURSEMENT OF CREDIT LOAN INSTALLMENTS decided:

- » Deadline for repayment of instalments of loans from businesses and individuals is extended to 31.05.2020, for all borrowers who faced difficulties due to COVID-19.
- » The borrowers should argue to the lenders the reasons for the need for deferred payment.
- » The lending institutions shall process any application filed with them within 3 days of receiving the request.

Find the Joint Order [here](#).

4 NOTICES FROM TAX GENERAL DIRECTORATE

Information on the possibility of payment of tax liabilities through the e-albania portal as well as online banking in commercial banks: - Find the Normative Act [here](#).

On the procedure to be followed for authorizing the circulation of employees of manufacturing companies and enterprises - Find the Normative Act [here](#).
List of activities that will be allowed to exercise their activity and activities that will be prohibited from doing economic activity starting from 24 March 2020. - Find the Normative Act [here](#).

5 ADMINISTRATIVE MEASURES

NORMATIVE ACT "ON TAKING SPECIAL ADMINISTRATIVE MEASURES DURING THE DURATION OF THE INFECTION PERIOD CAUSED BY COVID-19"

This normative act is aimed at defining administrative measures (fines) in the context of strengthening the enforcement of the rules and decisions of the competent authorities to cope with the situation caused by Covid-19. - Find the Normative Act [here](#) and additional administrative measures [here](#) and [here](#).

6 JUDICIAL ACTIVITIES

NORMATIVE ACT NO.9, DATED 25.3.2020 "ON TAKING SPECIAL MEASURES IN THE FIELD OF JUDICIAL ACTIVITY, DURING THE STATUS OF THE EPIDEMIC CAUSED BY COVID19" **decided to:**

Suspended until the end of the Covid-19 epidemic:

- » Trials in administrative, civil, criminal cases before any court.
- » Deadlines for filing lawsuits, filing complaints and performing any procedural action.

Find the full contents of the act [here](#).



COVID-19

10 proposals of the Manufacturers' Union. Salaries should be subsidized by 80 percent, local taxes should be deferred until December 2020, energy price should be reduced

-Monitor.al

Manufacturers Union Package, in support of the sector, proposes as a mitigation measure the state subsidy for 9 weeks of employee's payment. Manufacturers say that the government package should also include businesses that have a 25% reduction in turnover. The production enterprises also require the postponement of local tariffs and taxes by the end of the year, prepayment of income tax for 2020, and halving the price of energy for 3 months.

Rama: Unemployment will rise, government prepared for intervention. Tightening measures until the first 2 weeks of April

-Monitor.al

"We started with the weaker ones and the measures we took are for existence, not for profits. Like all over the world, the trend of unemployment, the sectors that needs support such as tourism or any other, are increasing. To big businesses we have given sovereign guarantees they can use to pay their employees. We are following very closely the measures that medium and large businesses are undertaking for people who are going out of work. We are ready to make an intervention when the time comes", said Rama.

Taxes remind businesses to pay profit tax today (2019)

-Monitor.al

Yesterday, the Tax Directorate has brought to attention the taxpayers that the deadline for submission of the Annual Profit Tax Declaration for the 2019 fiscal year is March 31, 2020. For taxpayers with annual turnover over ALL 14 million, the deadline for payment of calculated tax reduced with prepayments made during the tax period is March 31st.

176 thousand employees in small business, list of activities that

benefit from the budget

-Monitor.al

There are about 99 thousand entities in the country, which are registered as small businesses, thus having an annual turnover of up to 14 million ALL, or about 92% of the total enterprises in the country. According to Tax Directorate data, by the end of 2019, these small entities employed a total of about 176,000 people, either self-employed or self-employed.

Development of capital markets,

Pr. Law in the Assembly / Funding opportunities and transparency in investments

-Scan TV

The draft law, drafted by the Ministry of Finance on the development of capital markets, was finalized after almost a year and submitted to parliamentary committees to further pave the way for its adoption.

Legalization of crypto currencies / The Parliament start procedures for the adoption of the law

-Scan TV

The draft-law that aims to legalize the use of cryptocurrencies in Albania has initiated the approval procedures in the Albanian Parliament. The document was presented by the Albanian Government in October last year and will make Albania one of the first countries to regulate the trading of cryptocurrencies by law.

East Asia and the Pacific: Countries must act now to mitigate COVID-19 economic shock

-The World Bank

In a rapidly changing environment, making accurate growth forecasts is extremely difficult. Therefore, the report presents an initial baseline and a scenario of lower issues. Download the World Bank report. këtju.

SHORT NEWS

Tenders Suspended / PPA: Procurement, Only to Cover "Anti" COVID-19 Needs – Scan TV

Through an official announcement, the Public Procurement Agency has suspended every bidding procedure that is not related to the situation created by the coronavirus.



Euro drops to 128.5 lek, following the artificial growth of the last two weeks, but the difference in currency trading remains high.

The common currency has fallen again today in the foreign exchange market for the second consecutive day. According to the official exchange rate of the Bank of Albania, one euro was exchanged today with 128.52 ALL, a decline of 2.14 ALL compared to the previous day. Since Monday, when the euro reached its 2-year record, at an exchange rate of 131.06 lek, euro has fallen by 2.5 lek.

The insurance market, growing ahead of the Corona virus, doubles the payment of damages

The insurance market has paid twice as much in damages for the January - February 2020 period compared to a year ago, due to the damages caused by the earthquakes of September 21st and November 26th last year. It is noteworthy, that this situation is before the beginning of the quarantine measures and restriction of movement due to coronavirus, which is expected to significantly slow down the insurance market for March and onwards.