

# NewsLetter 2



Years

THE OFFICIAL NEWSLETTER OF THE AMERICAN CHAMBER OF COMMERCE IN ALBANIA

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## AMCHAM SENDS AN OFFICIAL LETTER WITH 4 NEW PROPOSALS TO THE ALBANIAN GOVERNMENT

The President of the American Chamber of Commerce in Albania, Enio Jaço, has proposed four economic measures through an open letter to the Government.

Based on a questionnaire conducted with 220 members of AmCham and the work of the Tax Committee, Legal Committee and the Investment Committee, Jaço urges the Government to take difficult yet critical steps to support employers.

“Some of them are planning adjustments to their workforce, so employer support is essential for employees and vital to them, their families and our economy.”

The US Chamber of Commerce demands equal access to Covid-19 emergency funds for businesses of all sizes and the release of restrictive measures for them.

“We want to emphasize the extraordinary importance of liquidity for businesses at this critical time, as well as the dangerous economic spirals that may come from its absence.”

The Chamber also requires equal treatment with Unemployment Pay for employees regardless of the size of the company that is lay-

ing them off. Individual benefits should not be correlated with the size of the employer.

Delaying the tax prepayment for 2020 is emphasized as a necessity after the austerity measures taken by the Government in the fight against Covid-19.

“We recommend suspension of tax prepayment and the adoption of a legislation that allows companies to make delayed payments in installments for all impacted industries. Local taxes, Social Security and Personal Income Tax should be suspended also for at

least a period of two months.”

In the open letter to the government, AmCham also called for the suspension of debts owed by businesses to the state, until their normal activity resumes. On the other hand, the government should reimburse as quickly and easily as possible all businesses that have VAT credit.

Once again, AmCham has asked the Government to consult with stakeholders before making decisions that have consequences for businesses.



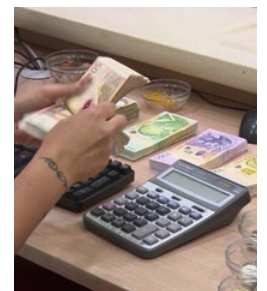
### ENIO JAÇO: ALL BUSINESSES SHOULD HAVE ACCESS TO LIQUIDITY

The President of the American Chamber of Commerce, Enio Jaço, once again raised the problems that big businesses are facing during the crisis caused by coronavirus pandemic. Their access to Emergency Funds, according to Jaço is essential for all businesses. This is also the main concern of 224 members of AmCham, according to an extended questionnaire they went through.

“One of the main problems is maintaining liquidity. Businesses face a cessation or slowdown of activity due to the situation and a good part of them, especially in Albania, maintain operational money only for a short period of time, often only for one month. Imagine what could happen if these businesses can not work for 4-5 months,” said Jaço.

Emergency funds can provide access in a variety of ways, according to Jaço, but what is important for big business is access to cash.

“It's good to see big businesses not just as some abstract entities, but primarily as entities that employ people. The most vulnerable part of this crisis are the employees, who, if fired, can start a negative spiral in the economy.”



The treatment of big business and small business should be similar, according to the head of the American Chamber of Commerce, because if a big business goes bankrupt, a very high number of people may lose their jobs and this will have a grave social impact.



# NORMATIVE ACT

## ON THE CONDITIONS AND CRITERIA FOR BENEFITING LOANS WITH SOVEREIGN GUARANTEE FOR BUSINESSES IMPACTED BY COVID-19 MEASURES



### CONDITIONS FOR BENEFITING

Businesses **must have closed down their activity or suffered a drop in turnover** according to the list of entities affected by government decisions against Covid-19.

The list, which should have been attached to the Normative Act in the official state bulletin, is missing.

Businesses need **to be able to repay** according to the criteria of the banking sector, and the conditions and discretion of the second-tier Bank that will lend.

The **funds will only be used to pay employees**, according to payrolls processed in February.

**Not benefiting from this scheme** are all those (self-employed and small businesses) who have been treated from the payroll subsidy scheme, economic assistance or unemployment benefit do not benefit from this scheme.

Banks will apply the "first come, first served" criterion.

**Within 10 days from the moment of application, the bank decides whether or not to approve the loan.**

**The Ministry of Economy and Finance can change the qualification criteria at any time**, in agreement with the Second Level Banks, without retroactive effect on the loans granted up to that point.

### \$100 MILLION WILL BE DISTRIBUTED TO 12 SECOND-TIER BANKS IN ALBANIA ACCORDING TO THE FOLLOWING LIST:

- » "Raiffeisen Bank", sh.a., Albania, in the amount of **1 900 000 000 ALL**;
- » "Banka Tirana", sh.a., in the amount of **600 000 000 ALL**;
- » "Banka Union", sh.a., in the amount of **600 000 000 ALL**;
- » "Banka Intesa Sanpaolo Albania", sh.a., in the amount of **900 000 000 ALL**;
- » "Banka Kombëtare Tregtare", sh.a., in the amount of **1 900 000 000 ALL**;
- » "Banka OTP Albania", sh.a., in the amount of **1 100 000 000 ALL**;
- » "Banka Procredit", sh.a., in the amount of **400 000 000 ALL**;
- » "Banka Alpha Albania", sh.a., in the amount of **700 000 000 ALL**;
- » "Banka Amerikane e Investimeve", sh.a., in the amount of **500 000 000 ALL**;
- » "Banka Credins", sh.a., in the amount of **2 000 000 000 ALL**;
- » "Banka e Bashkuar e Shqipërisë", sh.a., in the amount of **100 000 000 ALL**;
- » "Banka e Parë e Investimeve, Albania", sh.a., in the amount of **300 000 000 ALL**.

**interest rate**, equal to the average interest rate of the last three auctions of 12-month treasury bills plus a margin of 0.5%, but **in no case will the interest rate be higher se 2.85%**.

The **loan term cannot exceed 2 years**.

**The Grace period lasts 3 months** from the moment that funds are disbursed.

Under a government-approved template agreement, **the Ministry of Economy and Finance guarantees 100% of the loan principal**, but not more than the total borrowed from the business. **Interests and penalties are in no way guaranteed** by MFE.

The borrowing business must sign a Memorandum of Understanding according to which, in cases where the Ministry compensates the Bank for the amount that the Business has failed to pay, the latter agrees to make reasonable efforts to return to the Ministry of Economy the amount that it has paid the Bank, along with all the costs that may be associated with them.

Otherwise, the Ministry has the right to implement law no. 9665, dated 18.12.2006 "On state borrowing, state debt and state loan guarantees in the Republic of Albania" as well as other laws in force, to benefit the return of any compensation performed under the Guarantee Agreement.

**If at the end of the loan period**, according to the guarantee agreement, **the business does not return the obligation to the bank, it loses the right to the shares which will be sold by the relevant structures** according to the legislation in force.



### LOAN CRITERIA

**The funds will be transferred to the account of the business employees**, for which the bank receives all details of social and health insurance fund for each declared salary.

**The value of the loan in no case exceeds the value of 3 gross monthly salaries of declared employees**. In no case will the salary of an employee be higher than 150,000 ALL.

**The lender will offer a preferential**

*Linda Shomo***EASY PAY**

**T**he coronavirus pandemic has recently brought Albania to its knees, giving a major blow to businesses and affecting consumer behavior in the Albanian market. For many businesses, the crisis has led to a decline in sales. But for some market sectors - telecommunications, digital media, technology, financial institutions, financial technology (fintech) institutions and the medical field -- there is an opportunity for innovation.

The economic consequences of this entire situation remain unclear, but the measures taken to combat the health risks are radical, creating real challenges for various industries. The World Health Organization (WHO) also raised the alarm on how paper cash could be a contributing factor to the spread of the COVID-19 virus (for example, China and North Korea stopped cash circulation until they could carry out a full disinfection of the notes). The number of internet searches pertaining to both "cash" and "virus" is at record highs. All of these developments have forced some businesses to immediately integrate digital payments and e-money into their business models and trade.

Even though the introduction of these cashless methods is overdue, the crisis situation has now forced Albanian businesses to integrate online technology into their strategies. The main reason people are

# How payments can adjust to Covid 19- and support business



turning to online recently is for the most part, the limited mobility.

Online payment transaction volume is surging as consumers limited to their homes are turning to digital purchasing channels. Global ecommerce transactions were up 23% in mid-March compared with typical weekly volume.

In developed countries, consumers have been benefiting from these financial instruments for years. Well-known fintech companies -- PayPal, Amazon Pay, Apple Pay, Alipay and Google Pay, offer convenience in making payments and financial services, reducing costs and bureaucracies. The Albanian

market has several fintech players that enable customer convenience by using digital payments as well as other new financial solutions.

These companies help you pay for digital services such as utilities (electricity, water bills, landlines bills etc), mobile topups, municipal taxes, internet and IPTV services, microcredit installment payments as well as paying for kindergartens and e-tickets. These services, especially utility payments, have been in high demand in recent weeks, so the number of digital payments, according to company statistics, has more than doubled last month.

Meantime more and more con-

sumers are shopping online for the first time in new categories, particularly groceries and household essentials. Retailers have already seen a surge in online grocery shopping as consumers stock up on food and other essentials.

To ensure Covid19 recovery in the most affected sectors, payments operators should reflect on how to help their business customers to accelerate the restart of their business.

## PAYMENTS COMPANIES MAY, FOR EXAMPLE:

- Support the mass distribution of government relief payments.
- Ensure an easy online switching. They need to support businesses, especially SMEs by offering them the opportunity to overcome the crisis, mainly by offering the knowhow and enabling digital payments.
- Help businesses understand their customers' behavior and adapt their payment options accordingly.
- Simplify the B2B supply chain.

Latest regulation issued from Bank of Albania, which consisted on removing all fees related to local interbank transfers, was a very positive step towards business support. This will bring more usage of Ebanking channels and meantime will reduce their costs.

## FINDING THE NEXT NORMAL

As the crisis plays out, we will get more clarity about the depth and duration of the pain. One thing is clear now: there will be no return to the norms of 2019; the impact on the behavior and expectations of customers and businesses—indeed the entire fabric of the economy—will be profound. So it is critical not only for the payments ecosystem but also for the economy as a whole to develop, today, the payments solutions that will allow economies to emerge from the current crisis efficiently and define the post-COVID-19 future.



## TOGETHER WE CAN OVERCOME

**Easy Pay applications help people to stay at home and avoid long wait lines to pay their bills**



"The market of SMEs in Albania is still in the early stages of digital transformation. This means that there is a great potential, still undiscovered on this market, as there is for digital payments. During the Covid19 crisis, we can see how digital technology helps businesses respond more effectively to this rapidly changing market."

- says **Linda Shomo, Director of Easy Pay.**

### AMCHAM IS PROUD OF IT'S MEMBERS!

Online payments have been very helpful to many citizens who find it impossible to go out or who don't want to wait in long lines to pay for water and electricity. Also businesses that have to pay taxes have been using Easy Pay applications – a quick and secure way to pay off liabilities.

Digital financial solutions, such as the Easy Pay App, offer a wide range of services directly accessible from mobile phones, thus avoiding exposure to populated areas and physical contact with banknotes.

"The market of SMEs in

Albania is still in the early stages of digital transformation. This means that there is a great potential, still undiscovered on this market, as there is for digital payments. During the Covid19 crisis, we can see how digital technology helps businesses respond more effectively to this rapidly changing market." - says Linda Shomo, Director of Easy Pay.

The American Chamber, through its Digital Business Committee, supports initiatives of digital platforms such as Easy Pay, for efficient solutions and practicality.

## AK-INVEST STAYS CLOSE TO PEOPLE IN NEED IN THESE DIFFICULT DAYS.

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### AMCHAM IS PROUD OF IT'S MEMBERS!

Ak Invest responded to the call of the Municipality of Tirana to provide help to families in need with necessary food and other supplies by helping ten families in the suburbs of Tirana.

Ak Invest currently operates

in the non-banking financial market. With this act, it has demonstrated that in addition to the services it offers in this market, it also greatly values corporate social responsibility. AmCham is proud of its members.



## FOOD BANK ALBANIA IS HELPING FAMILIES IN NEED TO SUPPORT BY GATHERING AND DISTRIBUTING FOOD SUPPLIES

**Now they seek the help of the businesses and citizens in order to continue this mission**

"The experience of economic recessions has shown that pain relief is much more effective when the state, local communities, businesses and organizations join forces and create the right mindset to address the situation. Today, we call for emergency assistance in food, as it is the primary and most urgent need for Albanian families "

- said the Director of Food Bank, Oltion Shena.

### AMCHAM IS PROUD OF IT'S MEMBERS!

Food Bank Albania as part of the European Federation of Food Banks (FEBA), is working to increase the cooperation of various institutions, businesses and organizations, to help distribute food aid to families in need.

Statistics show that this situation is gravely affecting the most vulnerable and the poorest in the country. For this reason, Food Bank Albania seeks the help of citizens and businesses, in order to continue working to redirect food supplies to help those in need of support.

"The experience of economic recessions has shown that pain

relief is much more effective when the state, local communities, businesses and organizations join forces and create the right mindset to address the situation. Today, we call for emergency assistance in food, as it is the primary and most urgent need for Albanian families " - said the Director of Food Bank, Oltion Shena.

The American Chamber of Commerce in Albania thanks Food Bank for its humanitarian initiative and encourages all those who can help them continue this humanitarian act to donate in support of families in need in the following addresses:

<https://foodbank.al/kontributi-im/kontributet-financiare/>

<https://foodbank.al/kontributi-im/me-cfare-mund-te-kontribuoj-une/>

## "Gjirofarma Sh.a." and "Rotary Club Tirana International" join forces in a humanitarian act to help the families of police officers who fell in the line of duty.

"My experience as a member of Rotary Albania makes me hopeful that it is never too late for humanitarian acts and it is never enough no matter how much we do"

- said Nikola Gjoni, CEO of Gjirofarma.

### AmCham is proud of it's members!

"Gjirofarma Sh.a." and "Rotary Club Tirana International" join forces in a humanitarian act to help the families of police officers who fell in the line of duty.

This cooperation donated to the families of law enforcement officers who lost their lives, food aid supplies from Gjirofarma products.

"My experience as a member of Rotary Albania makes me hopeful that it is never too late for humanitarian acts and it is never enough no matter how much we do" said Nikola Gjoni, CEO of Gjirofarma.

The American Chamber



is proud of its member Gjirofarma and volunteerism to help citizens. We encourage all members who have the opportunity to be part of such initiatives to make a concrete contribution to these difficult times for the country, as an expression of their social responsibility.

Gjirofarma Sh.a. and Rotary Albania will further expand their humanitarian activity, including Rotary Clubs in Albania and later Rotary International, and invite any member who wishes to become part of their initiative to join them.

# COVID-19

## Extended Package / Rama: Renters and people unable to work will also be included - Scan-tv.com

The list of categories that will be included to receive direct or indirect financial assistance includes freelance professions, donkeys, laundries, services, dry cleaning, tailoring, barbers, plumbers, taxi drivers, public transport workers, employees of travel agencies, employees of chancelleries etc.

## Denaj: A package that is addressed to big business is being discussed - A2 News

Anila Denaj, Minister of Finance and Economy, told A2 Business Week that the government is discussing a package that will help big businesses. "We are discussing a second package, which is addressed to businesses with a large number of employees, but I do not have the authority to talk about it. It is being discussed and very soon it will be announced by Mr. Prime Minister", said Denaj.

## Financial aid for small businesses, 42% of verified applications are rejected - Monitor.al

According to published graphs, 86.6 thousand employees and 49.2 thousand businesses have applied so far. Of these, 35.8 thousand employees and 21.4 thousand businesses were verified.

## Kosovo Chamber of Commerce, letter to Rama and Kurti: Facilitate business turnover between Kosovo and Albania - Monitor.al

The Kosovo Chamber of Commerce has sent a letter to the Prime Minister of Albania, Edi Rama, and to the Prime Minister of Kosovo, Albin Kurti, as well as to the respective ministers of both countries, to create facilities for the businesses of Albania and Kosovo. The Kosovo Chamber of Commerce called for trade facilities to be set up for businessmen in this time of crisis for businesses from Kosovo and Albania.

## Measures for COVID-19 / Banks will be temporarily banned from distributing profits - Scan-tv.com

The Bank of Albania will temporarily ban the distribution of dividends to commercial banks. The decision is expected to be taken at the next meeting of the Supervisory Council, and it's a precautionary measure, due to the situation created in the economy by the restrictions implemented in March.

## Foreign Immigrants in Albania, AIDA: Here's what changes in the procedure for foreigners - Scan-tv.com

The Albanian Investment Development Agency has informed us on Law No. 13/2020 "On some changes and additions to the law" On foreigners "as amended. The changed fields are: visa policy; residence policy and employ-

ment policy for foreigners.

## COVID-19, FSA (AMF) requires insurance companies to suspend dividend distribution - Monitor.al

The Financial Supervisory Authority said it had recently required insurance companies to suspend dividend distribution procedures. The measure announced by the FSA comes as a result of the situation created due to coronavirus and according to the recommendations of the European Insurance Authority, it is required to maintain liquidity and financial indicators in the supervised markets.

## European Bank for Reconstruction and Development (EBRD)

European Bank for Reconstruction and Development (EBRD) in a recent report on the country's resistance against the Covid-19 pandemic,

found that tourism in Albania is the most endangered, due to the high weight it has on the economy, with over 20 % of Gross Domestic Product. But there is still hope that tourism will work this year. It is at our neighbors, Kosovo, but also in Macedonia.

## DCM approved/ How will the loan guarantee work for big businesses - Monitor.al

According to the approved terms of the Council of Ministers' decision, the Loan Value made available by banks for every Business participant, may vary according to the Business demand, but it should not exceed the value of three gross monthly salaries of employees declared by the Business.

## Taxes: Where to complain when you have problems with receiving financial assistance - Monitor.al

The General Tax Directorate informs all the interested parties, who consider that they may be beneficiaries of financial assistance, but their request has been rejected, that they have the opportunity to submit their request / complaint by communicating through the e-mail address of the Regional Tax Directorate, where they reside.

## COVID-19 crisis, the number of unemployed may increase to 50-60 thousand people within a month - Monitor.al

The number of unemployed in the country, due to the closure of businesses to prevent the spread of coronavirus, may increase to 50-60 thousand people within a month. According to Minister Denaj, for the category that loses the job, the Government will provide assistance as much as half of the minimum salary in the country, which is at the level of 27 thousand ALL.

## Taxes: Deadlines for declaration and payment of tax liabilities have not changed! - Monitor.al

The Tax Administration brings to the attention of all taxpayers that the deadlines for the declaration and payment of tax liabilities have not changed. The first deadline of the declaration is April 10, when all VAT entities must submit electronically, via e-filing, the Purchase and Sales Books, for the period of March 2020.

## Taxes: Deadlines for declaration and payment of tax liabilities have not changed! - Monitor.al

Technical control of vehicles continues to be closed due to coronavirus pandemics. But, if the date of the technical inspection of vehicles was during the days when the SGS service was closed due to emergencies, the citizens are allowed to drive without doing the technical control and will not be penalized.

