

Fiscal Amnesty and Voluntary Asset Declaration in Albania

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I. Theoretical considerations and international experience of fiscal amnesties

Definition - The term amnesty indicates an act of absolution by the government, a decision not to punish a person, business or other entity, for one or more wrongdoings in violation of the law. Fiscal amnesty refers to a favorable treatment of tax obligations, in the form of complete or partial remission/absolution from taxes and fines, for individuals/entities who possess income, funds or taxable assets, previously unreported (or misreported), including undisclosed assets held abroad (known as voluntary asset declaration programs -DVP), as well as asset repatriation programs (FATF, 2012 – Look up **Annex 1** for definitions)¹.

Forms of fiscal amnesties and benefits

Fiscal amnesty is an important instrument used by governments, for various purposes, such as increasing budget revenues from taxes, improving the degree of compliance with tax obligations, and/or facilitating procedures for the repatriation of assets in support of economic policies. (OECD, 2015)². In principle, all tax amnesty programs aim to induce taxpayers who have broken the law to voluntarily settle their tax balance, in exchange for some degree of protection from legal prosecution. However, specific voluntary asset declaration programs differ from direct tax amnesties, as the expected result in the first case is not the full or partial exemption from tax obligations, but the disclosure of previously undeclared income and assets, as part of a national strategy to improve compliance with fiscal obligations, subject to regulations and reporting requirements under anti-money laundering and counter-terrorism standards (IMF, 2022).

Voluntary asset declaration programs vary greatly by country, but in most cases the aim is to avoid (full or partial) penalties, versus a flat tax rate on newly disclosed assets. For example, the program of voluntary declaration of assets in Italy offers two alternatives: (i) the standard option – full repayment of tax obligations for undeclared income/assets, and (ii) the simplified option – repayment of tax obligations at a flat tax rate, applicable for cases of capital repatriation, as well as for taxpayers who have an annual balance of financial assets that does not exceed the value of 2 million euros for each year of the voluntary declaration of assets, as detailed in **Annex 2**.

¹ Financial Action Task Force (FATF), 2012 - Best Practices Paper: “Managing the anti-money laundering and counter-terrorist financing policy implications of voluntary tax compliance programmes”.

² Organization for Economic Co-operation and Development (OECD), 2015 - Update on Voluntary Disclosure Programmes: “A Pathway to Tax Compliance”.

II. Experience and history of fiscal amnesty programs in Albania

Legal procedures and political consensus - Due to the importance and short-term, as well as long-term effects on the economy, the Constitution of the Republic of Albania stipulates that the amnesty should be approved by a qualified majority (three fifths of all members of the Assembly / 84 votes), in order for the consensus from the opposition and the parties interested can be reached, apart from the will of the government which proposes it. In cases where the consent is not reached, as it has happened in previous years in Albania, the government proposes alternative forms of legalization and remission/exemption from fiscal obligations, which can legally be approved by a simple majority of votes. Alternative forms of fiscal amnesties have been undertaken several times in Albania, as shown in Table 1, in certain periods of time during which subjects could voluntarily declare assets/ revaluation of financial statements, as well as retrospectively pay taxes from previous periods, avoiding fines and other administrative penalties.

Fiscal amnesty proposals require extensive stakeholder consultation and the agreement of political actors as key factors for the successful implementation of a VAD program. Being an instrument at the service of the government for the short-term increase of budget revenues, objections to fiscal amnesty programs, apart from economic experts and opposition forces within the country, have also been frequent from international financial institutions, which estimate that amnesties "successful" are the exception rather than the norm, so governments should be very careful when proposing such initiatives.

Based on the experience of other countries, the popularity and success of fiscal amnesties is based more on perceptions than on concrete results. Policymakers typically use short-term gross receipts to gauge the effects of a fiscal amnesty, but do not consider the long-term effects (IMF, 2008)³, like:

- a. potential future fiscal evasion, as a result of the loss of credibility towards the tax administration and the adverse incentive effects this creates; and
- b. missing tax revenues, such as the remission of outstanding obligations and fines for all tax evaders, even though some of them could and should have been discovered by the tax administration.

The history of fiscal amnesties in Albania - The first proposal for fiscal amnesty in Albania dates back to 1999, on the initiative of former President Rexhep Meidani, which was rejected by both the government or the opposition of that time. During the last two decades, in Albania there have been at least two initiatives for fiscal amnesty based on voluntary declaration of assets (2011 and 2020) in the sense of the legal approach, but none of the proposals have found common political ground domestically or with the international factor. For this reason, the 2011 proposal was approved as a simple legal initiative, with a simple majority of votes and without the necessary political consensus. While the 2020 proposal continues to be a project, amended in 2022 and currently under discussion to achieve the approval of stakeholders and international institutions. **Annex 3**, listed in chronological

³ IMF, 2008 - Tax Amnesties: Theory, Trends, and Some Alternative, Eric Le Borgne; Katherine Baer.

order, details the legal initiatives that have regulated the alternative programs for the immunity from fiscal obligations in Albania, up to the last draft proposal of 2022.

Table 1. History of fiscal amnesty programs and voluntary declarations in Albania

Year	Legal Basis	Program's substance	Estimated deadlines and results
2008	Law no. 9986, dated 11.09.2008	Partial remission of customs duties and tax liabilities, arrears of annual road traffic tax and annual vehicle registration tax, outstanding fines and interest, outstanding mandatory social and health insurance contributions.	Implementation period: October 2008 - March 2009 Results: There are no published data on the effects of the programs' implementation.
2010	Law no. 10228, dated 04.02.2010	Legalization of capital / Amendment of the law "On Income Tax" for the recognition of income in monetary form for the increase of capital, with sources from outside the company, capital that has not been declared/taxed before and that is not accompanied by official documents that prove the origin of the income.	Implementation period: Not defined Results: There are no published data on the effects of programs' implementation.
2011	Law no. 10418, dated 21.4.2011	Capital legalization and partial remission of tax and customs debt, amended. Revaluation of financial statements until the end of 2013.	Implementation period: June - December 2011 Partial effects until 31.12.2013. Results: (i) Value of legalized capitals 2011 - 2012: 270 billion ALL, of which, the monetary value is around 5 billion ALL (of which only 0.5 million euros are estimated to have been transferred outside Albania). Additional revenue in the budget: 2.85 billion ALL, see Annex 3 . (iii) Outstanding fiscal liabilities 2011–2012: remission of tax liabilities of 26 billion ALL. Additional income totaling 607 million ALL, see Annex 5 .
2014	Law no. 39 dated 17.4.2014	Full remission of administrative penalties in the form of fines, imposed on the basis of tax controls and audits, for the March-August 2013 period.	Implementation period: June - October 2014 Results: There are no published data on the effects of program implementation.
2015	Law no. 66, dated 14.07.2015	Remission of fines for non-payment of mandatory social and health security contributions by legal and physical entities.	Implementation period: August - October 2015 Results: In total, outstanding tax liabilities amnestied of the penalties amount to about ALL 218 million.
2017	Law no. 33, dated 30.03.2017	Remission and exemption from tax duties payable at the customs, the procedure for the removal from circulation of transport means, after the erasure/extinction of tax liabilities.	Implementation period: May - December 2017 Results: About 195 thousand taxpayers have benefited from the amnesty in the amount of 49.8 billion ALL (52% of the total tax liabilities).
2022	Draft - Law no 07.2020, amended	Capital legalization/ General fiscal and criminal amnesty for entities that submit a voluntary declaration of assets, including repatriation of assets from abroad.	In the phase of public consultations.

III. General conclusions and opinions based on the SSA reports

- **Economic analysis: The capital legalization program based on voluntary declarations**

Based on the data from the Ministry of Finance⁴, during the 5-month, October 2011-February 2012 period, the amount of legalized capital amounted to 270 billion ALL (about 2 billion euros), mainly a result of the revaluation of assets, with additional income of 2.85 billion ALL (average tax rate of 1.1%) in the budget, detailed in Table 2. From the total legalized capitals, the amount in cash declared turns out to be about 4.9 billion ALL (39.5 million euros, of which 0.5 million euros are estimated to have been transferred outside Albania).

Also, the analysis of the monthly change of bank deposits in lek and euro confirms that the capital legalization program in 2011, which partially extended its effects also in the period 2012-2013, did not create additional flows of legalization of monetary assets in the banking system⁵, detailed in **Graph 1**. The fact that the 2020/2022 draft law provides for the legalization of undeclared assets for a period of 30 years, is another assessment indicator that the 2011 program for the legalization of undeclared assets can be deemed as a "failed practice" in its aim to formalize the Albanian economy.

- **Economic Analysis: Outstanding Tax Liabilities Amnesty Program**

According to the findings of the SSA in its annual budget monitoring reports, based on the progress of the outstanding tax liabilities, it emerges that:

By the end of 2011⁶, **fiscal liabilities in total were about 65 billion ALL**, as detailed in **Table 3**, of which 77% were relegated from 2009 and earlier, respectively:

- Up to 2005: 13.8 billion ALL liabilities;
- 2006-2007: 7.7 billion ALL liabilities;
- 2008: 8.4 billion ALL liabilities; and
- 2009: 19.8 billion ALL liabilities.

So, the trend of creating outstanding tax liabilities has been moving upwards ever since the implementation of the first tax amnesty program in 2008, which means that debt absolution was not only not accompanied by a reduction in arrears, but during in 2009 there was a very high increase in fiscal liabilities, increasing the cost of the informal economy.

By the end of 2012⁷, outstanding fiscal liabilities were around ALL 70 billion (from ALL 65 billion at the beginning of the year). The effects of fiscal liabilities absolved by the implementation of law no. 10418/2011 "On the Legalization of the Capital and the remission of a part of the Tax and Customs Debt", for the 2011-2012 period, have influenced **the reduction of the tax liability by 26.2 billion ALL⁸**, versus **the 607 million ALL difference in recovered revenues**.

⁴ Të ardhura nga legalizimi i kapitaleve <https://www.financa.gov.al/te-ardhura-nga-legalizimi-i-kapitalit/>

⁵ Burimi: Banka e Shqipërisë

⁶ Raporti i KLSH per monitorimin e buxhetit të vitit 2011 <https://panel.klsh.org.al/storage/phpnEHUcE.pdf>

⁷ Raporti i KLSH per monitorimin e buxhetit të vitit 2012 <https://panel.klsh.org.al/storage/phpmAWkqW.pdf>

⁸ Ligji nr. 10418, datë 21/4/2011 "Për legalizimin e kapitalit dhe faljen e një pjese të borxhit tatimor dhe doganor", vlera e detyrimeve fiskale të falura vetem gjatë vitit 2011 rezulton të jetë rreth 10.7 miliardë lekë.

For 2014⁹, there is no evidence regarding the effects of the implementation of law no. 39/2014 for the remission of fines, but it emerges that, despite the increase in coercive measures related to the administration of tax liabilities, their effectiveness has decreased significantly (from 15% of the value collected in 2013, to only 6.1% of the value collected in 2014 after the austerity measures were applied).

For 2015¹⁰, pursuant to Law no. 66/2015, fines related to social and health insurance contributions, recorded until December 2014, for legal and physical entities, in total liabilities in the amount of 218 million ALL, have been rescinded. The effectiveness of the austerity measures remain at a low level, where it appears that only 5.7% of the value of the austerity measures were collected in 2015, even lower than the effectiveness of the austerity measures in 2014.

For 2017¹¹, the tax debt decreased to ALL 96 billion (from ALL 147 billion of liabilities at the beginning of the year), mainly due to the effects of the implementation of the Amnesty Law no. 33/2017 in the amount of 50 billion ALL (see **Table 4**), the absolution of the excise tax debt under the justification that the debt be "transferred" to the General Directorate of Customs, in the amount of 12.3 billion ALL and the increase of the tax debt by ALL 10.5 billion. At the end of 2017, pursuant to the amnesty law no. 33/2017, the amount absolved for the 50 largest beneficiary taxpayers is about ALL 22 billion, according to the details of **Table 4.1**. The increase in the customs tax debt during 2017 with about 11.5 billion ALL outstanding liabilities, when there were several fiscal amnesties for the remission of tax obligations, shows that these amnesties, which should happen very rarely, should be well thought out in advance and should be accompanied by concrete measures in terms of debt collection from tax authorities and good administration of the taxation scheme, in order to be efficient. Moreover, the trend of partial debt absolution in 2014-2015, as well as expectations for a full debt absolution in 2017, influenced the growth of tax debt during 2016, reaching the maximum weight to total revenue tax of 40%, as shown in **Chart 2 (a/b/c)**.

SSA has discovered that, during the implementation of the 2017 fiscal amnesty, the excise duties for 49 payment taxes with a total value of 12.3 billion ALL (liabilities, penalties and interest) were erased from the debt registers at the General Directorate of Taxes, in violation with the requirements of Law no. 33/2017 "On the payment and writing of/ absolution of tax liabilities, tax duties payable at customs. Even though the energy sector (the company with state capital) has benefited from the amnesty of 2017 for the absolution of tax liabilities in the amount of ALL 9.6 billion, the tax obligations from this sector continue to be very high.

General Conclusions - On the part of the government, it does not appear that a comprehensive analysis of the effects on the economy of the past programs of fiscal amnesties/legalizations has been carried out, in order to conclude on their effectiveness, but based on the opinions and evaluations made by the SSA audits, we can estimate that the fiscal amnesty programs (absolution of tax debt) in

⁹ Raporti i KLSH per monitorimin e buxhetit të vitit 2014 <https://panel.klsh.org.al/storage/phpXf1kYR.pdf>

¹⁰ Raporti i KLSH per monitorimin e buxhetit të vitit 2015 <https://panel.klsh.org.al/storage/phpD2B7io.pdf>

¹¹ Raporti i KLSH per monitorimin e buxhetit të vitit 2017 <https://panel.klsh.org.al/storage/phpHMPvnF.pdf>

Albania have not been successful in the results achieved for the formalization of the economy, resulting in outstanding fiscal obligations to be increased year after year, a trend moving upwards after each fiscal amnesty program, or pending a new amnesty, thus materializing the risk that the repetition of amnesties may lead to the loss of taxpayers' confidence in the system, therefore avoiding paying tax obligations pending the absolution of their outstanding liabilities. Albania continues to have a high informality indicator and according to IMF estimations, more than a third of the Gross Domestic Product (GDP) is created by the informal economy, a rate that is twice as high as the average of European countries. The fiscal burden and high informality are two of the main problems that Albanian companies consider as hindering factors for business development (WB, 2022)¹².

Best practices and protection against the risks - Before proposing a fiscal amnesty program based on the VAD, the country must have a complete and effective regulatory framework in terms of preventing money laundering. Fiscal amnesty and asset repatriation are not compatible with the rules of prevention of money laundering, if the proposed program provides full protection from the tracing the source of the creation of income by of the authorities, as well as protection from criminal proceedings for possible money laundering (OECD, 2015). Specific repatriation programs should be accompanied by agreements between countries for the exchange of information on taxes and cooperation in the prevention of money laundering, in particular from offshore countries where undeclared assets are held (IMF, 2022)¹³.

Due diligence should be exercised on all taxpayers disclosing and/or repatriating assets from abroad, along with identification of the beneficial owner of the account to which the assets will be declared/repatriated. Some of the measures that are put in place to ensure that the fiscal amnesty does not pose an anti-money laundering risk¹⁴, are:

- a. repatriated or declared assets are deposited in a financial institution that is subject to anti-money laundering or anti-terrorist financing measures;
- b. assets coming from countries that do not properly implement the recommendations of international money laundering prevention organizations are monitored with special care; and
- c. any declaration issued by the competent authorities does not constitute a legal protection of the declared or repatriated assets, regarding the legal or illegal origin of their creation.

¹² WB, 2022 – Country Private Sector Diagnostic / Creating markets in Albania

¹³ IMF, 2022 - “Voluntary Disclosure Programs - Design, Principles, and Implementation Considerations.

¹⁴ Financial Action Task Force (FATF), 2012

List of Annexes

Annex 1. Definitions ¹⁵

- a) The term "asset repatriation" refers to the transferring (ie recovering) of funds or other assets from abroad.
- b) The term "tax (fiscal) amnesty" refers to the favorable treatment of tax liabilities, such as the complete or partial absolution from any tax, interest and penalty that would otherwise be payable in relation to taxable income, funds or other assets previously unreported (or misreported).
- c) The term "voluntary submission" refers to the voluntary declaration, to the tax authorities, of any unreported (or incorrectly reported) taxable income, funds or other assets.
- d) The term "voluntary tax compliance program" refers to any program designed to facilitate the legalization of the taxpayer's financial means, funds or other assets, previously unreported or erroneously reported.

Annex 2. The Case of Italy - General Fiscal Amnesty, 2014

The 2014 fiscal amnesty in Italy, which also included repatriation of capital from abroad, with a duration of one year, offered two voluntary declaration alternatives:

- i. The "analytical method" – where voluntarily declared assets were taxed at a full rate, as if the income had been declared regularly during the years included in the program - depending on the type of income, the tax rate was 12.5 percent, 20 percent, 27 percent or 43 percent (penalties were minimized, equal to 12.5 percent and 20 percent of outstanding liabilities);
- ii. The "simplified method" - which applied only to the repatriation of foreign assets and to taxpayers with an average bank account balance not exceeding €2 million in each fiscal year to be disclosed in the voluntary declaration of assets - a flat tax rate of 5 percent applied to the total value of foreign assets and a rate of 27 percent to taxable income.

These class of taxpayers were entitled to immunity from prosecution for fiscal crimes, but had to declare their name, banking information and intermediaries to enable authorities to verify the origin of assets. Italy signed agreements first with Switzerland (where most of the undeclared assets of Italian taxpayers were held) and then with other countries, for an automatic exchange of tax information and cooperation against tax fraud. The program was carried out in two phases: first, an inventory of assets held in Switzerland was prepared by reconstructing their origin and calculating taxes and fines, protecting the confidentiality of the taxpayer; secondly, measures were taken to pay taxes and fines in Italy. No bank documents or information identifying the Italian taxpayer was sent to the tax authorities before the client accepted the voluntary declaration form.

Burimi: Voluntary Disclosure Programs—Design, Principles, and Implementation Considerations, IMF
<file:///C:/Users/utente/Downloads/TNMEA2022002.pdf>

Annex 3. The history of fiscal amnesties and tax remissions in Albania

1. **Law no. 9986, dated 11.09.2008** *“For the remission of customs and tax obligations, arrears of the annual vehicle traffic tax and the annual vehicle registration tax, as well as fines and unpaid arrears of mandatory social and health insurance contributions”*.

The debt remission program was proposed by the Council of Ministers and approved by the Assembly with a simple majority of votes.

¹⁵ Managing the AML/CTF Policy Implications of Voluntary Tax Compliance Programme, FATF 2012.
<http://www.fatf-gafi.org/media/fatf/documents/reports/BPP%20VTC.pdf>

Entities that benefited from the program:

- Natural and legal persons, as well as state institutions and companies with state capital - debtors to customs and tax administrations - customs/tax liabilities are partially or completely rescinded, along with fines and late interest.
- For some groups such as self-employed natural persons, enterprises and companies with state capital, state institutions, etc., as well as for legal and private natural persons, the outstanding obligations for social and health insurance contributions are fully or partially rescinded, along with fines and late interest.
- For natural persons, individuals, debtors to the tax and customs administration, for imported vehicles, customs duties are rescinded in full or in part, along with late interest and fines, as well as arrears for the annual vehicle traffic tax.

Excluded subjects: Individuals, natural and legal persons, debtors to the customs and tax administration and the Social Security Institute, for whom a criminal proceeding has been initiated and who are eventually declared guilty, or whose liabilities has been determined by a final court decision, or who have paid the liabilities, in all its components, were not beneficiaries of the remission of liabilities, according to the provisions of this law.

2. Law nr. 10228, dated 04.02.2010, which amended Law no. 8438, dated 28.12.1998 "*On income tax*".

The law enabled the increase in the capital of commercial companies, created through previously undeclared income from individuals, aiming to legalize any of their undeclared assets. Specifically, the revision of the law "On Income Tax" enabled the recognition of income in monetary form for the increase of capital, with sources from outside the company, capital that has not been taxed before and that is not accompanied by official documents that prove the origin of the income. The proposal was made by the Council of Ministers and was approved by a simple majority of votes. The procedures were determined by the instructions of the Minister of Finance.

3. Law Nr. 10 418, dated 21.4.2011 "*For the legalization of the capital and the partial remission of the tax and customs debts*", amended (*reevaluation of the financial statements until the end of 2013*).

The first tax amnesty was proposed in April 2011, following the global financial crisis of 2008. Voluntary asset declaration (VAD) was the core of the proposed program, in order to avoid future tax evasion, and aimed at legalizing assets as well as partial amnesty of tax and customs debt, which included the unpaid tax obligations of individuals until December 31, 2010. The government's expectations were very high, but the proposal for a general fiscal and criminal amnesty did not find the support of the opposition and the program was approved as an alternative legal practice for the legalization of capital and the partial remission of the fiscal debt. The approval of the law was made by a simple majority of votes, at the proposal of the Council of Ministers and without the agreement of the opposition.

Entities that benefited from the program:

- Declaration/legalization/revaluation of capital and liabilities based on voluntary declaration:
 - o Individuals, natural/legal entities can voluntarily declare previously undisclosed or incorrectly declared capital against a fee of 3 percent of the total amount declared.
 - o Individuals who own real estate submit to the revaluation of assets based on the market value, against a fee of 1 percent of the difference in value, as well as legal entities, who have assets with less than the market value registered in their financial statements, should carry out the revaluation with the market value against the fees: 3 percent of the difference for real estate and 5 percent for machinery/equipment.
 - o Subjects/individuals who voluntarily disclose monetary values, which they wish to transfer abroad before the 3-year deadline from the date of their legalization, are charged a penalty of 3 - 13 percent of the legalized amount, depending on the transferring period.
 - o Taxpayers who have previously disclosed lower taxable asset value can make a voluntary real tax declaration, before a tax administration audit begins against them.

- Remission of tax, customs duties and other liabilities incurred over the years:
 - o Full/partial remission of tax liabilities and custom duties of individuals and natural persons registered as a small business, or subject to VAT, still unpaid, based on the conditions and time limits defined in the law.
 - o Full/partial remission of unpaid fines and arrears for all debtors to the tax and customs administration, based on the conditions and time limits defined in the law.
 - o Full/partial remission of the liabilities for the self-employed taxpayers, including agriculture, of unpaid obligations related to their social and health insurance contributions, based on the conditions and time limits defined in the law.
 - o Full/partial remission of arrears of vehicle owners for the annual vehicle registration tax and the annual road traffic tax, based on the period that the vehicles were introduced into the customs within the territory of the Republic of Albania and have not paid their due to the customs administration.
 - o Remission of unpaid fines by drivers or their owners, imposed by traffic control inspectors until December 31, 2010.
 - o Full/partial remission of arrears for electricity and water consumption, based on the originating period of the obligation, for all household consumers, as well as interest accrued from non-payment of bills, including vulnerable groups.
 - o Remission of liabilities deriving from actions with non-tax revenues, such as excise stamps, non-payments for cash registers, tax certificates, printing, etc...

Excluded subjects: Officials who have the obligation to declare assets, as well as legal entities, in which said officials might own shares or capital quotas, are exempted from the remission of tax and customs liabilities.

4. Law Nr. 39 dated 17.4.2014 *“For the remission of administrative penalties in the form of fines, imposed on the basis of tax controls and audits, carried out for the March - August 2013 period”*

This legal initiative aimed to absolve businesses and enterprises of fines imposed by the administration as part of taxpayers' tax liability, during the parliamentary election period (March - August 2013). The law provides that within October 2013, the tax administrations, central and local, should write off from the registers the rescinded fines and carry out the correct reflections.

Entities that benefited from the program:

- The fines imposed on taxpayers, legal/natural persons, imposed as part of the outstanding tax liability, during the period March 1 - August 31, 2013 were revoked.
- Fines imposed on taxpayers, related to undisclosed employees or disclosed late, non-installation of fiscal equipment or non-issuance of tax coupons were revoked.

Excluded subjects: From the amnesty of administrative penalties (fines), determined based on the Article 3 of this law, are the amount of tax and late interest, as well as the fines, which are automatically calculated and recorded by the tax administration informatic system, due to violations of the provisions of law no. 9920, dated 19.5.2008, "On tax procedures in the Republic of Albania", as amended.

5. Law Nr. 66, dated 14.07.2015 *"For the absolution of fines for the failure to pay mandatory social and health insurance contributions by legal and physical entities"*.

The law was proposed by the Council of Ministers and was approved by a simple majority of votes. The right of entities that benefited from the provisions of this law could be exercised in the August - October 2015 period. Within 3 months after the entry into force of this law, the tax administration write offes the administrative penalties, absolved according to the law, and makes concrete reflections of the erasure in its records.

Entities that benefited from the program:

- The fines related to the social and health insurance contributions, which were recorded until 31.12.2014, are rescinded, in accordance with articles 113 "Failure to declare on time" and 114 "Non-payment of tax liability or contribution on time", of law no. 9920, dated 19.5.2008, "On tax procedures in the Republic of Albania", for legal and physical entities, when the contribution and late interest has been paid in full by 30.09.2015. Fines in the administrative/judicial appeal process are waived, according to the provisions of Article 1 of this law.

Excluded subjects: Fines for non-declaration and non-payment within the legal deadlines of social security contributions and mandatory health care insurance, paid before the entry into force of this law, are not returned.

6. Law Nr. 33, dated 30.03.2017 *"For the payment and writning off/absolution of tax duties payable at customs, as well as the procedure for the removal from circulation of means of transport after the repeal/absolution of tax liabilities"*

All taxpayers registered in the active, passive register or the unregistered one, who have outstanding tax liabilities towards the central and local tax administration, can benefit from the write off/absolution, based on the conditions defined in the law. The first draft of the amnesty law was opposed by the IMF, which requested that only those obligations that were impossible to collect be written off and that the maximum effort be done to collect the collectible liabilities. The proposal did not have the agreement of the opposition and therefore, was approved by a simple majority of votes, after the amendments made to the first draft of the law. The right of entities benefiting from the provisions of the law could be exercised in the June - December 2017 period.

Entities that benefited from the program:

- The outstanding tax liabilities and customs duties belonging to the tax periods up to December 2010 are written off, determined based on law no. 9632, dated 30.10.2006 "On the local tax system, duties payable at customs for the import of tobacco products, as well as deferred and unpaid VAT for machinery and equipment.
- Penalties and arrears that are unpaid on the date of entry into force of this law are written off, provided that all tax liabilities, social and health insurance contributions, as well as unpaid local taxes, for the 31.12.2017 January 2011 - December 2014 tax period.
- The fines imposed as part of the tax liability, in the registers of the tax administrations, central and local for the period March-August 2013, to taxpayers, including fines that have been appealed or in court proceedings, as well as administrative fines for undeclared employees or declared in delay are rescinded, for non-installation of fiscal equipment or non-issuance of the coupon.
- The following liabilities are written off/absolved, based on the tax periods defined in the law:
 - a) tax liabilities, including contribution, late interest and administrative penalties for natural or legal entities, deregistered in the NBC (National Business Center);
 - b) tax penalties automatically calculated by the system for late declaration until 2016;
 - c) tax penalties and fines related to the breach of the deadline for the declaration of employees, for late submission of the decision on the results' destination and late submission of financial statements, for failure to declare on time, for undelivered statements, provided that each undelivered statement be submitted by 30.6.2017;
 - d) outstanding tax liabilities, in full or in part, as well as fines and arrears, for companies with state capital in the electricity and water supply sectors. Penalties and late interest for health insurance contributions and self-declared obligations for these periods are written off, provided that the obligation is paid in full.
- Administrative penalties (fines) and late interest for social and health insurance that belong to tax periods before 31.12.2010 are written off/absolved; the duties payable at customs, evidenced through the decisions of the administration, in the 2011 - 2014 period, provided that the customs duty is paid in full by 31.12.2017; for the duties payable at customs, for violation of the temporary permit regime for vehicles, in the 2011 – 2016 period, provided that the duty payable at customs is paid in full by 31.12.2017.

Excluded subjects: Subjects with tax/customs liabilities, which have been convicted by a final court decision for criminal offenses in the tax and/or customs field, as outlined in the legislation of the field, are excluded from the writning off/absolution of the obligations provided for in this law.

7. The draft law "On fiscal and criminal amnesty for entities that make a voluntary declaration of assets", proposed in July 2020, amended in July 2022.

According to the draft law, this program aims to create the premises for a general fiscal and criminal amnesty, with a 1-year implementation period, for subjects who voluntarily declare their assets, with the aim of legalizing them and formalizing the activities created during the 30 in recent years, including the legalization of undeclared assets, created abroad and held inside or outside the country. The draft law provides for procedures for voluntary declaration and payment of tax obligations for income and assets that are voluntarily declared, including procedures for the repatriation of assets located abroad. In addition to the application of a favorable tax, the draft law guarantees the preservation of the confidentiality of entities and information related to these assets, as well as provides criminal protection for the non-initiation of investigative procedures and criminal proceedings for these entities, in relation to the source of the creation of undeclared assets. The subjects of this law may voluntarily declare the assets and elements of the financial statements that they have not declared before or that they have declared in a smaller value, regardless of the fact whether the assets are located or not in the territory of the Republic of Albania.

Proposed entities that are supposed to benefit from the program:

- Citizen individuals, regardless of whether they are tax residents in Albania or not, natural and legal persons, taxpayers resident in Albania, as well as tax resident individuals in Albania regardless of their citizenship. Voluntarily declared assets located abroad can be legalized and repatriated against the payment of a special tax fee, according to the provisions of the draft law.
- Assets that are allowed to be declared voluntarily must not exceed the maximum value of 2 million euros per taxpayer. Amounts in cash declared under this law cannot be transferred abroad for a period of 5 years from the moment of deposit. In cases where the entities wish to transfer these amounts before the deadline, a penalty of 30% of the amount is charged.
- In cases of voluntary declaration of amounts in cash and their deposit in bank accounts, as well as of other movable or immovable assets, the special tax rate is: 7 percent of the total amount declared, for declarations of carried out in the first 4 months from the entry into force of the law; and 10 percent of the total amount declared, after 4 months from the entry into force.
- If the entities that have made a voluntary declaration of amounts in cash by depositing them in a bank account, decide to invest the declared amounts in state securities, with a term of no less than 2 years, the special tax rate is: 5 percent of the total amount for investments made in the first 4 months from the entry into force of the law; and 7 percent of the total amount for investments made after four months from the entry into force of the law.

Excluded subjects: Excluded from being subject to the law are entities that carry the legal obligation to declare assets, pursuant to law no. 9049, dated 10.4.2003, "On the declaration and control of assets, financial obligations of elected officials and selected public servants" amended, as well as individuals part in their family certificate, on the date of entry into force of this law, as detailed in the draft law.

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