



**REPUBLIC OF ALBANIA
THE ASSEMBLY**

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No. 9789, dated 19.07.2007

**“ON THE ESTABLISHMENT AND OPERATION OF TECHNOLOGICAL
AND ECONOMIC DEVELOPMENT AREAS” AS AMENDED WITH LAW
NO. 54/2015 “ON SEVERAL AMENDMENTS AND ADDENDA TO LAW
NO. 9789, DATED 19.7.2007, “ON THE ESTABLISHMENT AND
OPERATION OF TECHNOLOGICAL AND ECONOMIC
DEVELOPMENT AREAS”**

Pursuant to Articles 78 and 83, item 1 of the Constitution, upon the proposal of the Council of Ministers,

THE ASSEMBLY

OF THE REPUBLIC OF ALBANIA

D E C I D E D:

**CHAPTER I
GENERAL PROVISIONS**

**Article 1
Object of law**

This law governs the establishment, operation, supervision of technological and economic development areas, the rights and obligations of responsible institutions, developers, operators, users operating in them, the type of activities performed within them and the methods of determining lands and boundaries.

Article 2

Definitions

In this law, the following terms have the following meanings:

1. “Technological and economic development area (the area)” is a separate territory, a designated area of land or buildings and other immovable properties, developed in accordance with a general plan and provided with the relevant infrastructure for production, industrial development, trade and provision of services, which is estimated part of the customs territory of the Republic of Albania, separate from this territory in terms of fiscal and customs regime and which is governed in accordance with the provisions of this law, other legal and sub-legal acts for its enforcement.

2. The term “Technological and economic development area” means a “free area”, according to the Customs Code.

3. “Developer” is the state or any licensed legal person, local or foreigner, who builds up, administers and monitors the operation of the technological and economic development area, in accordance with the provisions of this law, other legal and sub-legal acts for its enforcement.

4. “User” is the physical or legal person, local or foreigner, who operates economic activities within the technological and economic development area, in accordance with the provisions of this law, other legal and sub-legal acts for its enforcement.

5. “General Infrastructure” are the systems of public works including elements, such as: railways, roads, ports, telecommunication lines, electricity network, canalization”.

Article 3

Establishment of economic areas

The establishment of technological and economic development areas in the Republic of Albania aims to promote:

- a) investments;
- b) opening of new job positions and income growth;
- c) acceleration of regional development and expansion of economic ties of the Albanian market with the international one;
- d) introduction of advanced technology;
- e) acceleration of goods and capital movements.

Article 4

Announcement of technological and economic development areas

1. Based on regional studies and on the strategy for the economic development of the country, the minister responsible for economy submits to the Council of Ministers the proposal for the establishment of a technological and economic development area.

2. The Council of Ministers approves through a decision the announcement of a technological and economic development area.

3. The announcement of each technological and economic development area includes:

- a) the status of the technological and economic development area;
- b) the boundaries of the area and access and exit spots;
- c) types of activities to be developed within it;
- ç) period for the operation of the area;
- d) method of granting the area (rent, concession etc.);
- dh) procedure for the selection of area's developer.

4. The economic activity of the area starts after the termination of construction of the surrounding boundaries, access and exit gates and operation of the customs point (in case of a free area).

5. The selection of the area is made according to the criteria and procedures stipulated in the decision of the Council of Ministers”.

6. The Council of Ministers determines the cases and procedures of changing the expansion surface of the technological and economic development area.”

Article 5

Activities permitted in technological and economic development areas

In technological and economic development areas, there may be carried out any economic activities which do not affect the environment, flora, fauna and national assets of the Republic of Albania and are not in contradiction with the applicable legislation.

CHAPTER II

ORGANIZATION AND OPERATION OF TECHNOLOGICAL AND ECONOMIC DEVELOPMENT AREAS

Article 6

Responsible Institution

The Ministry in charge of economy is the responsible institution which follows all the activities for the promotion, identification, announcement and control of good operation of the technological and economic development areas.

Article 7

Competences of the Responsible Institution

The responsible institution has the following duties:

1. Develops policies and plans for the development of technological and economic development areas
2. Drafts the regulation on the operation of technological and economic development areas, and then submits it for review and approval to the Council of Ministers
3. Identifies potential areas and prepares procedures for their announcement.
4. Encourages and assists developers, operators and users for the establishment, development and operation of the areas.
5. Accepts and evaluates the requirements for the development of the areas.
6. Licenses the developer of the technological and economic development area.
7. Follows the implementation of the law, regulation, according to item 2 of this article, and the conditions of the license by the developer of the technological and economic development area.
8. Approves the start of the economic activity of the user in the area, taking into account the promotion of new industries, innovative technologies, and information technologies, industries fulfilling international standards to eliminate pollution, efficient industries in the use of energy and high productivity industries in relation to employees”.

Article 7/1

Permits and licences

1. Public institutions, entities and authorities dealing with applications for permits and licences from the Developer or User, within 15 working days from the submission of request.
2. For different reasons related to the complexity of licenses and permits, the term is postponed only once for a period of 15 working days.

3. The responsible institution, upon the request of the Developer or User, may apply, in his name, at institutions, entities, public authorities issuing the relevant permits or licences.

Article 7/2

The state builds up the general infrastructure up to the boundaries of the area.

Article 8

Regulation for the operation of technological and economic development areas

The Council of Ministers approves the regulation for the operation of technological and economic development areas, which:

- a) Stipulates the procedures of control for the technological and economic development areas;
- b) Governs the relations between the responsible institution and the developer of the area and other institutions affecting the development of technological and economic development areas, stipulating the duties of each of them;
- c) Determines the application procedures and the criteria for licensing the Developer and/or User.

Article 8/1

Stability Clause

1. The responsible institution may enter into a binding commitment, on behalf of the state, that will have the effect of providing suitable guarantees in favor of the investor, by means of which it will be protected against the financial consequences of the legislation, which enters into force after the issuance of a license or permit to commence operations in the area, a commitment that is subject to the following restrictions:

- a) the financial consequences shall be described clearly and accurately;
 - b) the commitment terminates upon the termination of the activity in question;
 - c) the nature of legislation shall be described.
2. Such a binding commitment is approved by the decision of the Council of Ministers for a period of 10 years, upon the request of the contracting authority.

CHAPTER III

RELATIONS WITH THE DEVELOPER AND THE USER

Article 9

Land on the technological and economic development area

The establishment of technological and economic development areas may be made on private or state land and other immovable properties.

Article 10

Technological and economic development areas on state land

When the land or other immovable properties are state property:

a) the developer candidate is subject to the procedure determined with the decision of the Council of Ministers;

b) the developer leases the land or other immovable properties for a period of 99 years and enjoys the right to grant the sub-lease to the user, according to the determination of the sub-legal act, letter “a” of this article.

Article 11

Technological and economic development area on private land

1. When the land or other immovable properties are private property, the developer candidate submits to the responsible institution the request for the announcement of the technological and economic development area after determining the relations with their owner.

2. The relations arising between the developer and the owner of the land or other immovable properties are not object of this law.

Article 12

Applicable Legislation

In technological and economic development areas it is applicable the Albanian legislation in force.

CHAPTER IV EXEMPTIONS FROM FISCAL OBLIGATIONS

Article 13

Fiscal facilities

1. Technological and economic development areas benefit the following facilities:

a) entrance and exit of goods into/from the area, formalities and procedures are made according to the provisions of the Customs Code;

b) developers and users are exempted from the payment of the 50 percent tax-on-profit rate for the first 5 years from the commencement of their activity in the area;

c) 20 percent of the annual capital expenses are recognized as deductible expenses of the tax period to the developer investing in the area, within 3 years from the date of works commencement or to the user investing in the area, within 3 years from the commencement of the economic activity in the area, notwithstanding the amortization amounts, according to the law for income tax, for a period of 2 years;

ç) supply of Albanian goods, destined to be placed in the area are considered as supply for export with zero level, in conformity with the stipulations of law for the value added tax and customs legislation;

d) the project of the developer is exempted from the tax of infrastructure impact;

dh) constructions realized in this area, according to the project of the developer are exempted from the tax of immovable property for a five-year-period;

e) the developers or users of the area are exempted from the tax on transferring the right of ownership on immovable properties;

ë) expenses for salaries and social and health contributions which the employer pays for the employee, are recognized 150 percent of the amount during the first fiscal year of activity operation. In the following years, additional expenses for salaries, in relation to the previous year, for effect of calculating the taxable profit are recognized as accepted expenses with 150 percent of the amount;

f) costs of training the employees in the technological and economic development areas, for effect of calculating the taxable profit are recognized as accepted expenses of the tax period with double value, for a 10-year-period from the commencement of the economic activity;

g) expenses for scientific research and development are recognized as accepted expenses with double value, for a 10-year-period from the commencement of the economic activity.

2. Transfer of an existing activity in the Albanian territory into the technological and economic development area, with the main purpose of benefitting facilities provided in this law, is prohibited. Every transaction that basically results in the transfer of the economic activity, according to the above stipulation, is prohibited.

3. If the products exiting the area for sale in the internal market, with a price under the normal price for the product in question, or products similar or directly substitutable, and, when material damage is caused to local industry, the ministry responsible for economy applies a correction tariff of the missing value on the product in question. The ministry responsible for economy is in charge for the enforcement of this corrective mechanism.

4. The Council of Ministers approves the procedures and criteria for the application of benefitting fiscal facilities.

Article 14

Entrance of goods and services

1. All goods enter the technological and economic development area, notwithstanding their nature, quality, origin, descent or destination, with the exception of goods which are prohibited by relevant authorities to be imported, exported or transited across the customs territory of the Republic of Albania.

2. Goods entering the technological and economic development area are subject to customs control and supervision, in conformity with the provisions of the Customs Code and regulations for its enforcement.

3. Goods delivered at the technological and economic development area from another part of the customs territory of the Republic of Albania and that are not transit in the technological and economic development area benefit all the facilities that export goods benefit.

4. When goods that have entered into a technological and economic development area, are lost without a reasonable explanation, the customs authority of the technological and economic development area requires the licensed entity to settle the liability for these goods, according to applicable tariffs at the time of entering the area and the mandatory fine according to the legislation in force.

5. Infrastructure services, provided by the other part of the customs territory of the Republic of Albania for licensed developers and users within the technological and economic development area, benefit all the facilities, which are enforced for the export of services.

Article 15

Exit of goods and services from a technological

and economic development area

1. Goods, exiting a technological and economic development area, may be:
 - a) exports or re-exports, when exiting outside the customs territory of the Republic of Albania;
 - b) entrance into the other area of the customs territory of the Republic of Albania.
2. Goods, entering from the technological and economic development area into another area of the customs territory of the Republic of Albania and are not transit to another state:
 - a) are in circulation in the other area of the customs territory of the Republic of Albania, after being paid all the obligations of import. When such goods have been obtained from processing in the technological and economic development area, with components from the internal market, the amount of these components is deducted from the amount of products obtained, for the calculation of customs liabilities. Taxes and other charges are applied for the full amount;
 - b) are part of one of the other customs procedures or other types of customs destination.
 - c) products transported from one technological and economic development area into another, within the territory of the Republic of Albania, are not subject to customs and/or tax liabilities.
3. Origin of goods, exiting from the technological and economic development area, is stipulated in conformity with the Customs Code of the Republic of Albania.

Article 16 Goods for personal use

Goods for personal use or consumption, entering the technological and economic development area, are subject to all customs and tax obligations.

Article 17 Payment

Payments related to the activity of physical and legal persons operating within the technological and economic development area, can be made in the currency of the country or in foreign currency.

Article 17/1

The rights, obligations and fiscal facilities, determined in this chapter are applied for the developer from the date of the commencement of works, according to the stipulations in the agreement of the responsible institution with the developer.

CHAPTER V LICENSING OF TECHNOLOGICAL AND ECONOMIC DEVELOPMENT AREAS

Article 18 Licensing

No person may build up, develop, commission or conduct a technological and economic development area without the license of the developer, issued by the responsible institution, according to the rules stipulated in this law, sub-legal acts for its implementation, and other legal and sub-legal acts in force.

Article 19 Submission of request for license

1. Each legal person may submit a request for Developer's license, according to the procedures provided in the regulation of the technological and economic development area.

2. Each physical or legal person may submit a request to renew the respective license, according to the procedures provided in the regulation of the technological and economic development area.

Article 20 Granting of license

1. The responsible institution grants the license to the developer in conformity with the procedures provided by this law and other legal acts and sub-legal acts for its implementation.

2. The responsible institution signs agreements with the Developer, which provide mutual commitments, terms of performance, and penalties in case of failure to fulfill the obligations, amounts and the required guarantees and safety instruments for the realization of the investment.

Article 21

Conditions attached to the license

1. The responsible institution may attach to the license of the developer conditions that he deems relevant, which have been known in the process of competition. The conditions are specified in the contract. They may change upon the request of the developer himself, when they are not in contradiction with the criteria of competition for obtaining such license.

2. The license cannot be alienated without the approval of the institution issuing it.

Article 22

Removal or amendment of license

1. The Minister responsible for Economy removes the license of the developer when the responsible institution:

a) observes that the technological and economic development area ceased to operate;

b) there is evidence that the licensee does not comply with the conditions of the license;

c) there is evidence that the licensee committed violation of this law or the regulation of the technological and economic development area;

ç) notes that the bankruptcy of the licensee had been announced;

d) there is evidence that the licensee has not settled the obligations to the state;

dh) notes that the term of license is over and no request has been made for its renewal;

e) results that there is a request by the licensee.

2. The responsible Ministry notifies in writing the licensee about the reasons for the removal of license of the Developer 30 days before its removal.

3. Disputes arising from the removal of license shall be amicably resolved by the parties. Otherwise, they shall be solved by Court or through arbitration.

Article 22/1

Other disputes

The disputes between the state and the developer or the user are resolved by the Court or through arbitration.

Article 23
Register of licenses

The responsible institution keeps a register for the licenses issued for developers, indicating the name of the licensee, business or activity permitted upon license and the conditions attached to the license.

CHAPTER VI
TRANSITIONAL AND FINAL PROVISIONS

Article 24
Taxable Profit

Taxable profit for the tax period is stipulated on the basis of financial statements, according to the accounting law, income tax law and stipulations made in this law. The subjects of this law are entitled to implement the international standards of accounting.

Article 25
Use of Revenues

Revenues, obtained from granting of the license and contracts with entities of technological and economic development areas, shall be used in conformity with sub-legal acts, which regulate the establishment and administration of revenues collected by state institutions.

Article 26

Law no. 9121, dated 28.07.2003 “On protection of competition” is also enforced in the technological and economic development areas.

Article 27
Repeals

Law no. 8636, dated 6.7.2000 “On free areas”, as amended, is repealed.

Article 28
Enforcement

The Ministry responsible for Economy and the Ministry of Finance are in charge for the enforcement of this law.

The Ministry responsible for Economy shall prepare the sub-legal acts pursuant to Articles 4, 7 and 8 of this law.

Article
Transitional Provision

The provisions of this law are enforced for the areas announced after it has entered into force.

Article 29

Entry into Force

This law enters into force 15 days after the publication in the Official Bulletin.

CHAIRPERSON

ILIR META