





Tax Procedures

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The importance of payment of obligations by subjects

• If the probability of detection of default increases or the penalties for default increase then the enforceability of the law and payments would also increase, because the benefit from default would decrease.

• The authorities should determine tax rates and ways of detecting nonpayments so that the expected profit from evasion is reduced. Tax procedures and taxpayers

 Tax procedures are instruments that apply to all types of taxes and tax obligations, including national and local taxes and duties as well as social and health insurance contributions, except for cases where special laws provide otherwise.

 Tax procedures apply to taxpayers registered or obliged to register in the tax administration, tax agents, tax withholding agents, as well as to other persons, determined by the tax legislation. The most important taxes regulated by national and/or EU tax law are Value Added Tax (VAT), Corporate Income Tax and Personal Income Tax.

 In the EU, the tax administrations of the Member States are organized as separate agencies or are integrated or subordinate to the Ministry of Finance.In almost half of the EU countries, tax and customs authorities have been merged. The EU operates towards common rules in the field of taxes and for this a series of decisions have been taken. Combining taxes and duties with fundamental rights is a success for the European harmonization process.

 The Tax Administration in Albania is a central institution, subordinate to the Minister of Finance. The General Directorate of Taxes is the only central tax authority in the Republic of Albania, which implements and administers national taxes, public payments and the collection of contributions.

Taxpayers and their rights

- The taxpayer is the person or individual who is obliged by law to pay taxes, duties and social and health insurance contributions, as well as the withholding agent.
- The taxpayer may be represented by a representative.
- The taxpayer can be resident or non-resident.

Taxpayers' rights

- The right to notification
- The right to privacy and data confidentiality
- The right to reasonable checks and professional service
- The right to be heard
- The right to appeal

Tax liability

- The tax liability arises when the person realizes income, when he becomes the owner of an asset or makes payments, which are subject to tax.
- The tax liability also arises when the person realizes income, makes payments, in an illegal form, or becomes the owner of an item, in an illegal form.

• Tax liability includes tax, late interest, and fines.

Fiscal responsibility

• The tax liability starts from the moment when the person started his activity.

- Determining tax liability is important because tax liability also determines tax liabilities.
- Cases of changing the tax liability can be several...

The necessary documentation for the registration of tax data

• A tax invoice is considered a VAT invoice, which is issued by taxable persons, subjects of value added tax or subjects of profit tax and,

 simple tax invoice, which is issued by taxable persons, subjects of simplified tax on small business profits, when they are not subject to value added tax, as well as by non-profit organizations, foundations, budget institutions, etc.

Tax Declaration

- Tax authorities have two accounting purposes when receiving declarations and payments:
- revenue accounting, which is public revenue, payment deposit, registration and distribution of payments according to government accounts, and
- accounting of taxpayers specifically, recording the information they receive from each taxpayer, necessary for any subsequent verification.

Deadlines and methods of payment of tax liability

- The tax periods are defined according to the type of tax obligations and social and health insurance contributions and according to the categories of taxable persons.
- Tax periods for taxable persons, subject to value added tax and profit tax, tax periods are monthly.
- Tax periods for taxable persons subject to small business profit tax are quarterly periods for the calculation, declaration and payment of social and health insurance contributions and employment income tax.

> Payment of tax liability and refund

- Taxable persons are obliged to pay their tax obligations within the deadlines stipulated in the laws and the payments must be made in ALL.
- In the case when the tax liability paid is higher than the amount of tax assessed in the tax assessment notice or in the tax declaration, the tax administration passes the amount paid more on account of other tax liabilities, unpaid by the taxable person.

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 Late interest is a payment made by a taxable person who does not pay the full amount of the tax liability within the terms defined in the special tax laws.

> Administrative sanctions

• Any action or omission of the taxpayer, the tax agent or the representative of the taxpayer, which contradicts the law, and which is not a criminal offense, constitutes an administrative tax violation and is punished administratively.

Tax evaluation

- Declaration and payment of tax obligations are realized through selfassessment.
- The request to the taxpayer to submit and pay the tax return is called tax self-assessment made by the taxpayer.

• The payment of profit tax and simplified tax on small business profit during the exercise year, which is essentially the time value of money, is also tax self-assessment.

The basis of alternative ways of tax assessment

- The main data on which the judgment of the tax administration is based are the data from the taxpayer's tax returns or other similar transactions of the taxpayer; data, documentation and information obtained from third parties.
- Similar transactions of other taxpayers are taken into consideration, as well as other indirect data, such as consumption of energy, fuel, raw materials, various norms, etc.
- Data on prices in customs or markets of similar goods and services are included in the evaluation.

Tax control

In the case of the control carried out in the business premises, it consists of:

- Full comprehensive check since the last check done.
- Short check in time and limited number of obligations
- Verification in business premises regarding aspects of registration, fiscal equipment, documentation.

The analysis of the financial situation of the taxpayer

• Regardless of whether it has not been appealed or there is a final decision, the tax administration must consider whether the taxpayer has financial income that enables the payment of obligations, or whether he tends to avoid this obligation.

• If the tax administration is convinced by the evidence provided that the taxpayer is trying to avoid payment, it immediately begins the procedure of forceful collection of the obligations.