

Doing Business 2008

Albania

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Albania**

A Project Benchmarking the Regulatory Cost of
Doing Business in 178 Economies

Doing Business Project
World Bank Group



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Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at www.doingbusiness.org.

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Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business -- such as a country's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions, and the underlying strength of institutions -- are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a limited liability company operating in the largest business city.

Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Albania along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

The best-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

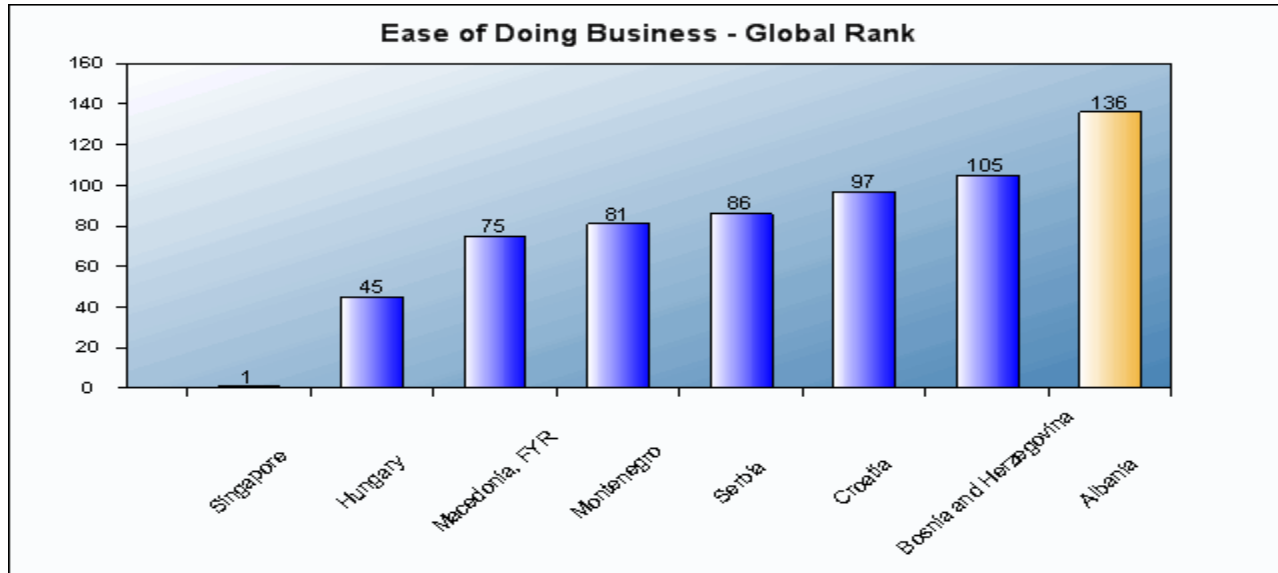
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

Albania is ranked 136 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Albania - Compared to Global Best / Selected Economies:



Albania's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	136
Starting a Business	123
Dealing with Licenses	168
Employing Workers	109
Registering Property	82
Getting Credit	48
Protecting Investors	165
Paying Taxes	118
Trading Across Borders	70
Enforcing Contracts	74
Closing a Business	178

Reforms - Who is reforming?

This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. **Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. **Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. **Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. **FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. **Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. **Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. **Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. **Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Albania							✓				1
	Bosnia and Herzegovina								✓			1
	Hungary	✓			✓			✗			✓	2
	Montenegro											0
	Serbia											0

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Summary of Indicators - Albania

Starting a Business	Procedures (number)	10
	Duration (days)	36
	Cost (% GNI per capita)	20.9
	Paid in Min. Capital (% of GNI per capita)	34.3
Dealing with Licenses	Procedures (number)	24
	Duration (days)	331
	Cost (% of income per capita)	461.0
Employing Workers	Difficulty of Hiring Index	44
	Rigidity of Hours Index	40
	Difficulty of Firing Index	20
	Rigidity of Employment Index	35
	Nonwage labor cost (% of salary)	22
	Firing costs (weeks of wages)	56
Registering Property	Procedures (number)	7
	Duration (days)	47
	Cost (% of property value)	3.5
Getting Credit	Legal Rights Index	9
	Credit Information Index	0
	Public registry coverage (% adults)	0.0
	Private bureau coverage (% adults)	0.0
Protecting Investors	Disclosure Index	0
	Director Liability Index	5
	Shareholder Suits Index	3
	Investor Protection Index	2.7
Paying Taxes	Payments (number)	44
	Time (hours)	240
	Profit tax (%)	17.7
	Labor tax and contributions (%)	24.5
	Other taxes (%)	4.6
	Total tax rate (% profit)	46.8

Trading Across Borders	Documents for export (number)	7
	Time for export (days)	21
	Cost to export (US\$ per container)	745
	Documents for import (number)	9
	Time for import (days)	22
	Cost to import (US\$ per container)	750
Enforcing Contracts	Procedures (number)	39
	Duration (days)	390
	Cost (% of claim)	31.8
Closing a Business	Time (years)	no practice
	Cost (% of estate)	no practice
	Recovery rate (cents on the dollar)	0.0

Starting a Business in Albania: Entry Regulation

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed the process—or may decide to run their business informally.

The data on starting a business are based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

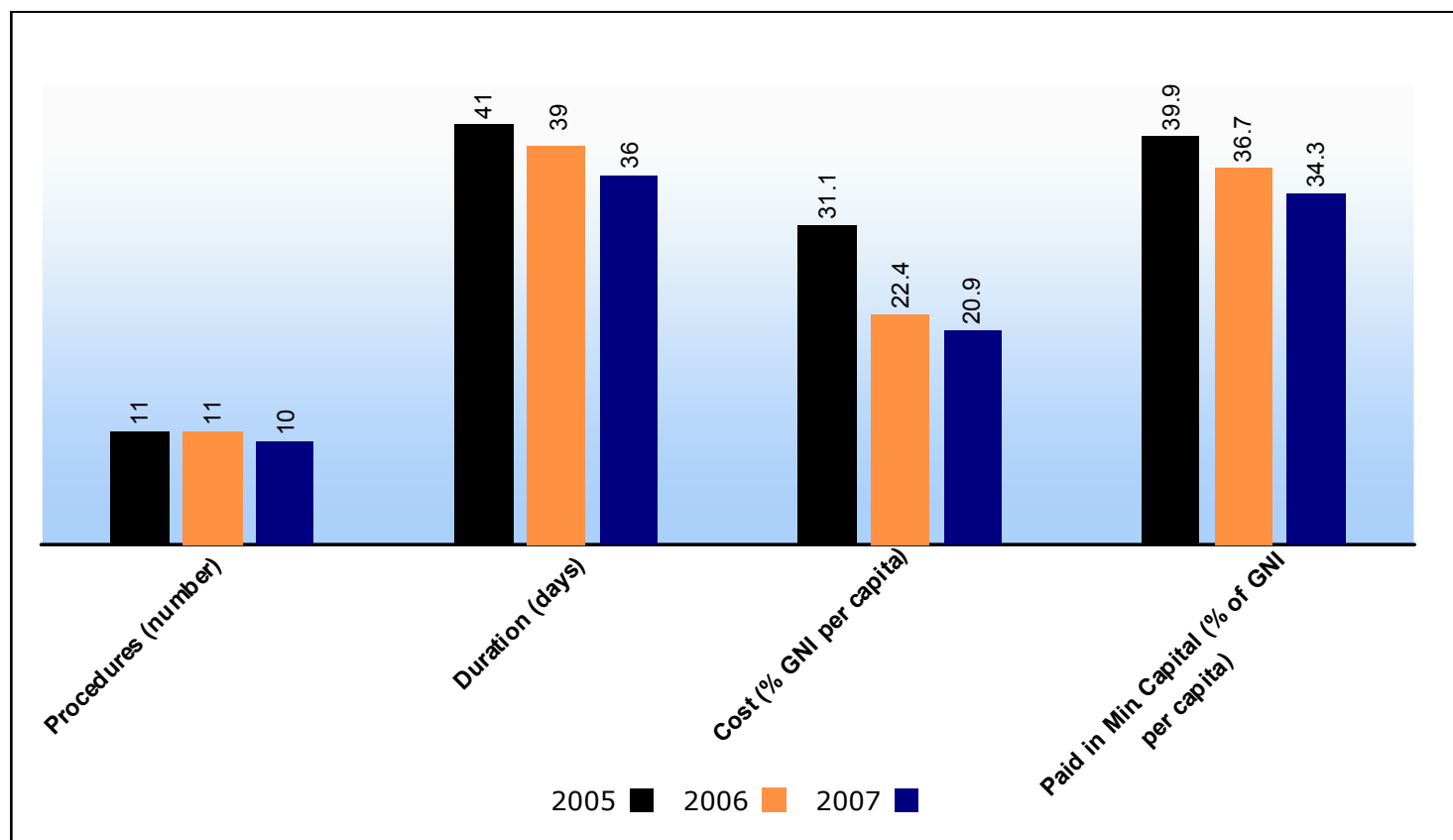
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up capital of 10 times income per capita, turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices; and fuel corruption.

1. Historical data: Starting a Business in Albania

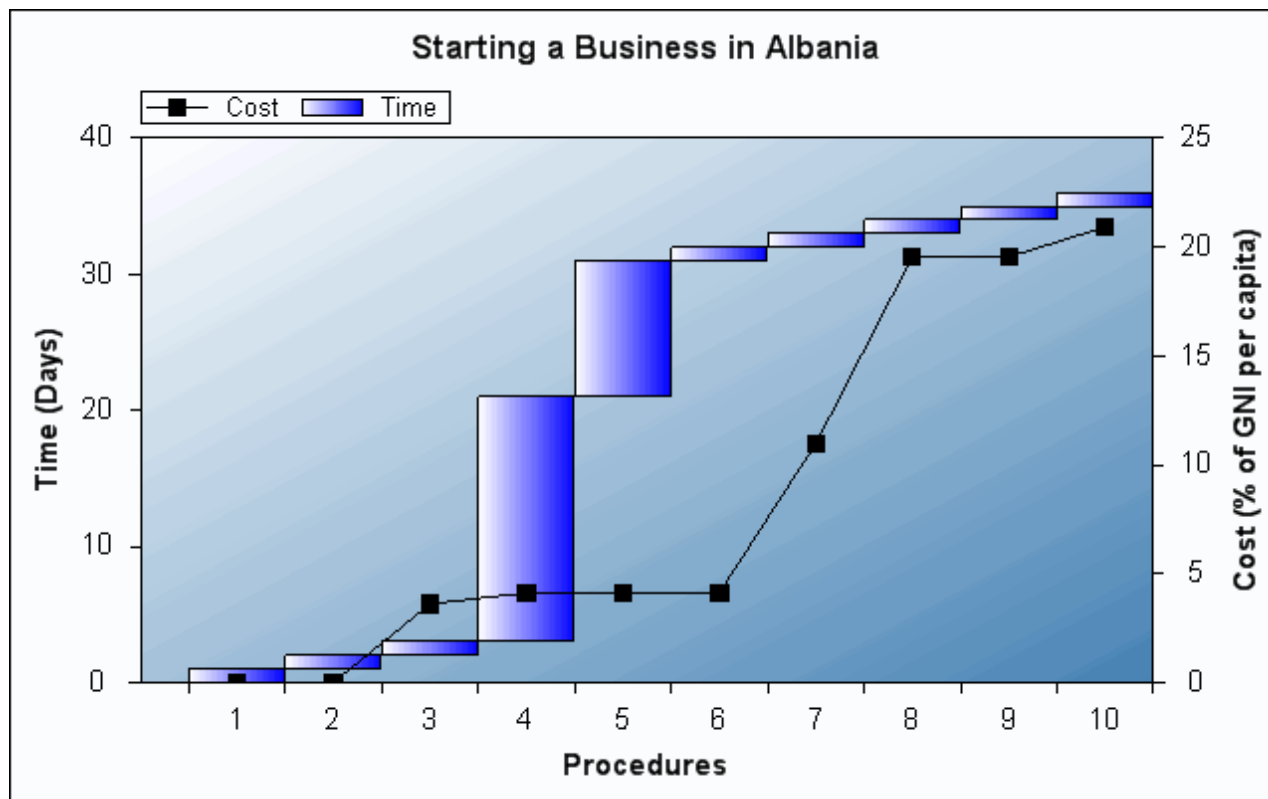
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		124	123
Procedures (number)	11	11	10
Duration (days)	41	39	36
Cost (% GNI per capita)	31.1	22.4	20.9
Paid in Min. Capital (% of GNI per capita)	39.9	36.7	34.3

2. The following graph illustrates the Starting a Business indicators in Albania over the past 3 years:



3. Steps to Starting a Business in Albania

It requires 10 procedures, takes 36 days, and costs 20.93% GNI per capita to start a business in Albania.



List of Procedures:

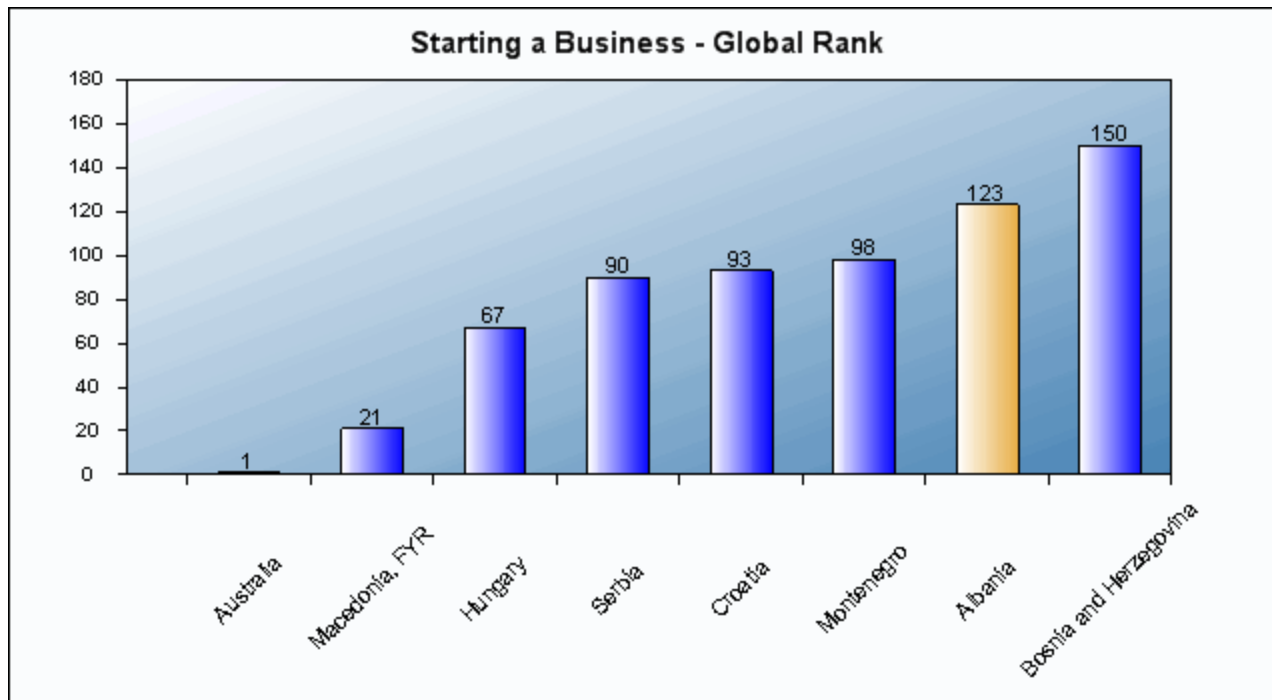
1. Search for a unique company name
2. Deposit the initial capital in a bank
3. Notarize the incorporation documents
4. File the documents with the Office for the Registration of Companies
5. Register for VAT and obtain the VAT certificate
6. Register the company with Labor Office
7. Register for the membership with the Chamber of Commerce and Industry
8. Pay tariffs
9. Register with the Public Institute of Social Security
10. Make a company seal

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Albania is ranked 123 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

Ranking of Albania in Starting a Business - Compared to best practice and selected economies:



The following table shows Starting a Business data for Albania compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

Selected Economy				
Albania	10	36	20.9	34.3

Comparator Economies				
Bosnia and Herzegovina	12	54	30.1	43.0
Croatia	8	40	11.7	18.4
Hungary	6	16	17.7	65.1
Macedonia, FYR	9	15	6.6	0.0
Montenegro	15	24	6.2	0.0
Serbia	11	23	8.9	8.0

* The following economies are also best practice economies for :

Procedures (number): Canada, New Zealand

Paid in Min. Capital (% of GNI per capita): Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States

Dealing with Licenses in Albania: Building a Warehouse

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure—from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation—the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

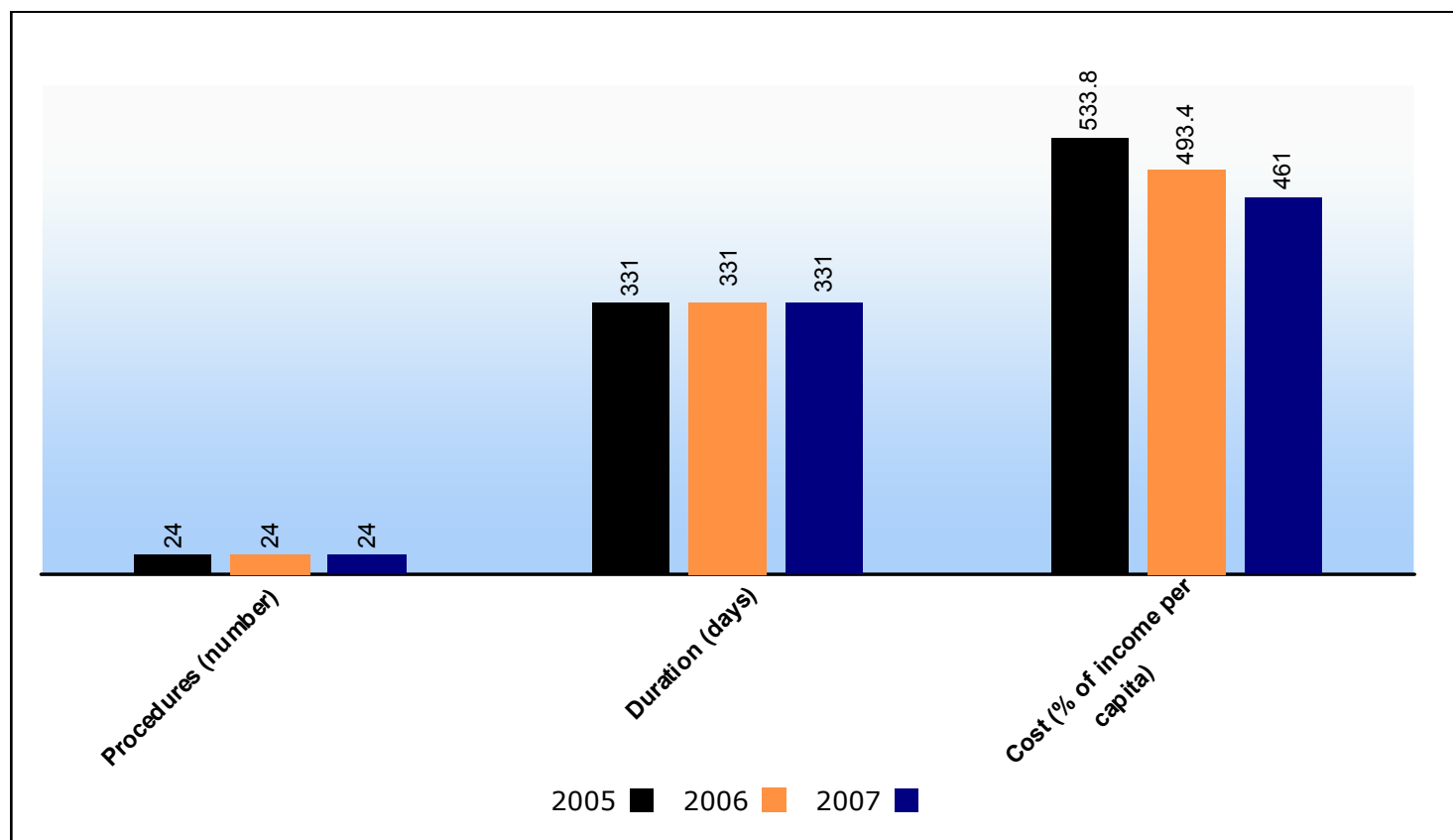
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

1. Historical data: Dealing with Licenses in Albania

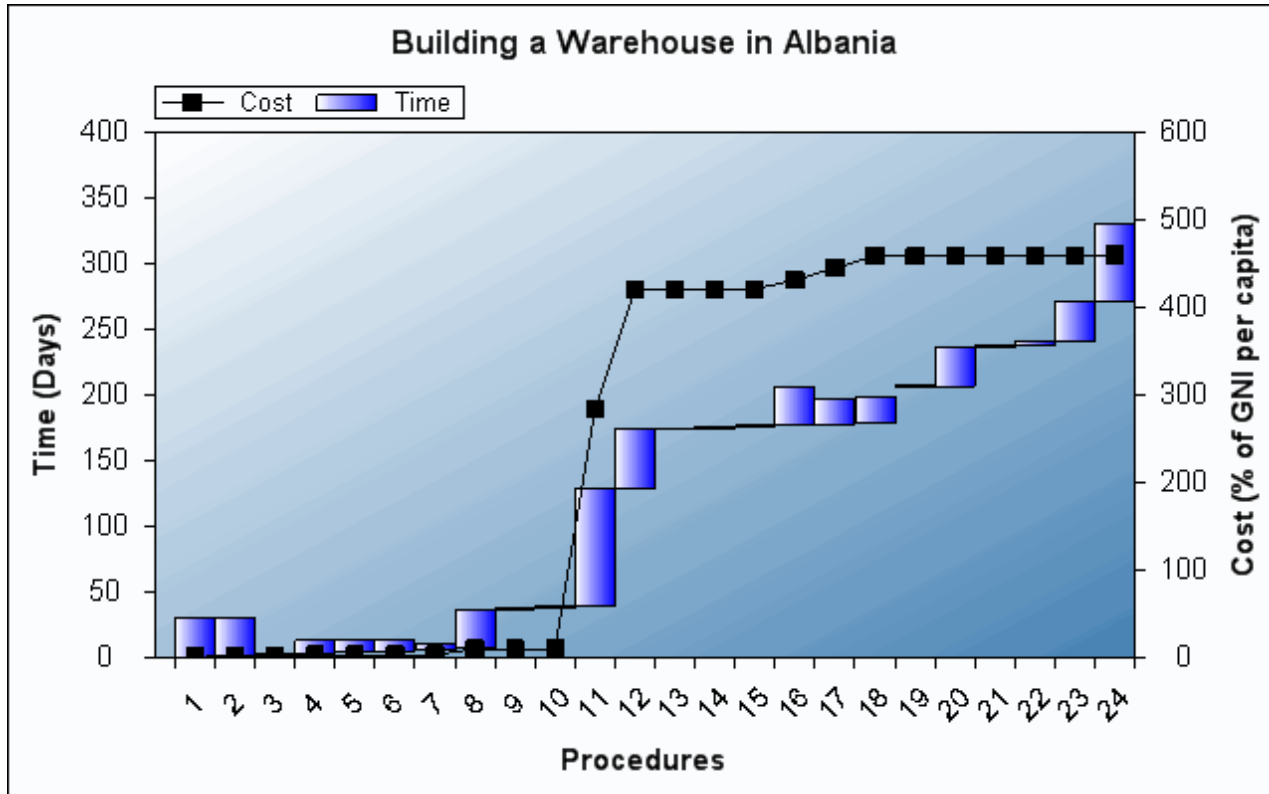
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		162	168
Procedures (number)	24	24	24
Duration (days)	331	331	331
Cost (% of income per capita)	533.8	493.4	461.0

2. The following graph illustrates the Dealing with Licenses indicators in Albania over the past 3 years:



3. Steps to Building a Warehouse in Albania

It requires 24 procedures, takes 331 days, and costs 460.95% GNI per capita to build a warehouse in Albania.



List of Procedures:

1. Request and obtain recent property ownership certificate
2. Request and obtain extract of master plan of the plot from the Urban Planning Department
3. Request and obtain document attesting that the firm has no unpaid environmental fines
4. Request and obtain opinion of the District Urban Planning Department
5. Request and obtain project clearance from water authority
6. Request and obtain project clearance from environmental protection agency
7. Request and obtain electricity authority approval
8. Request and obtain Fire Department approval
9. Request a land permit from Urban Planning Department (Technical Commission)
10. Receive inspection from Technical Commission
11. Request and obtain decision of the Technical Commission
12. Request and obtain Building Permit

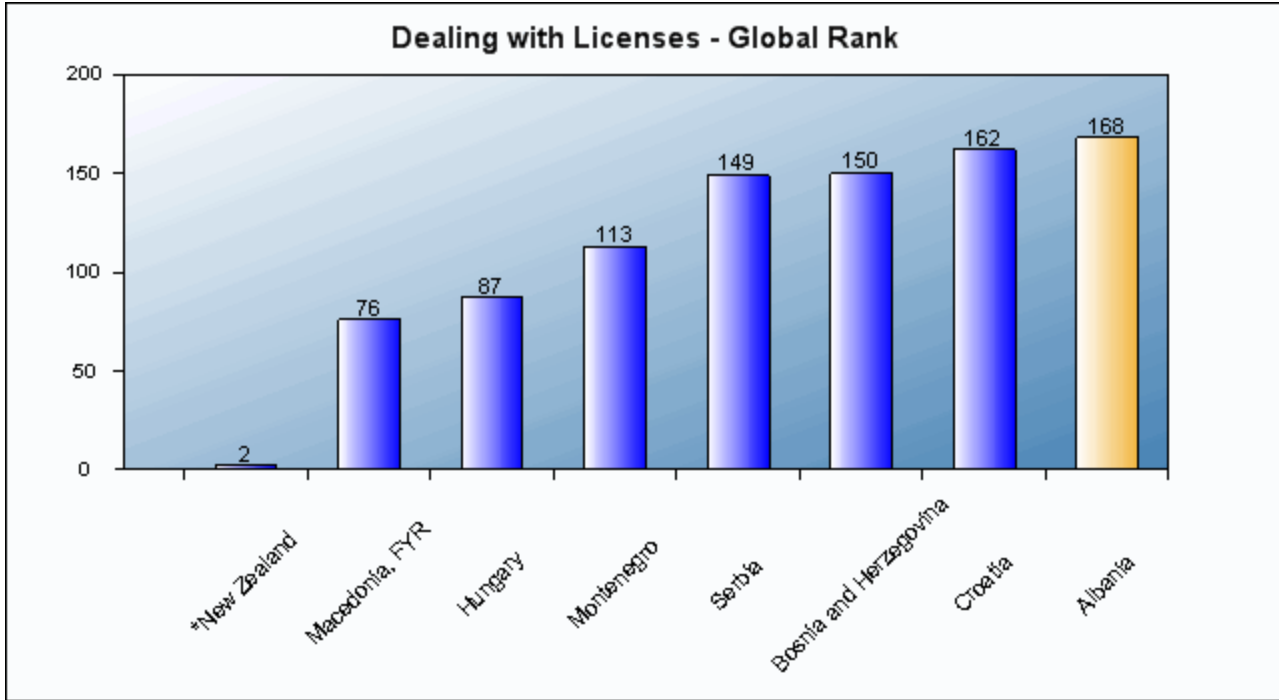
13. Receive on-site inspection of construction foundations
14. Receive on-site inspection of the completion of construction skeleton
15. Receive on-site inspection of the adjustment of the surroundings of the building according to the drawings
16. Request and connect to telecommunications services
17. Request and connect to water and sewage services
18. Request and connect to electricity services
19. Submit report on the completion of works and request on-site inspection by an authorized expert
20. Receive on-site inspection by an authorized expert and obtain approval
21. Receive inspection from municipality
22. Receive compliance report after inspection
23. Obtain occupancy permit
24. Register with the Real Estate Registry

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Albania is ranked 168 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Albania in Dealing with Licenses - Compared to best practice and selected economies:



* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Albania compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

Selected Economy			
Albania	24	331	461.0

Comparator Economies			
Bosnia and Herzegovina	16	467	790.3
Croatia	22	255	722.4
Hungary	31	211	10.4
Macedonia, FYR	19	192	109.3
Montenegro	19	185	599.6
Serbia	20	204	2713.1

Employing Workers in Albania: Labor Regulations

Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. Doing Business examines government regulation in the area of employment and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

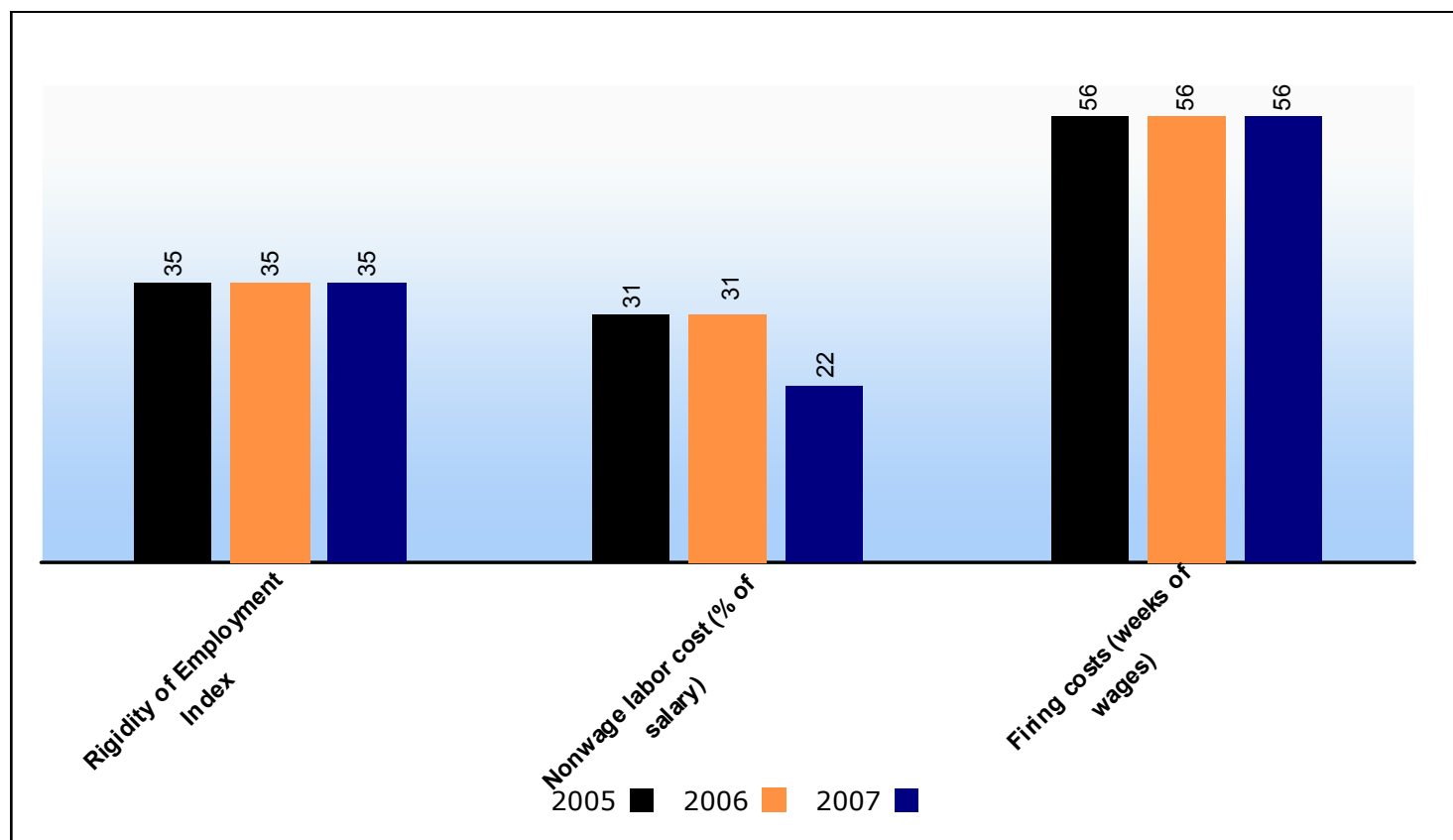
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Albania

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		110	109
Rigidity of Employment Index	35	35	35
Nonwage labor cost (% of salary)	31	31	22
Firing costs (weeks of wages)	56	56	56

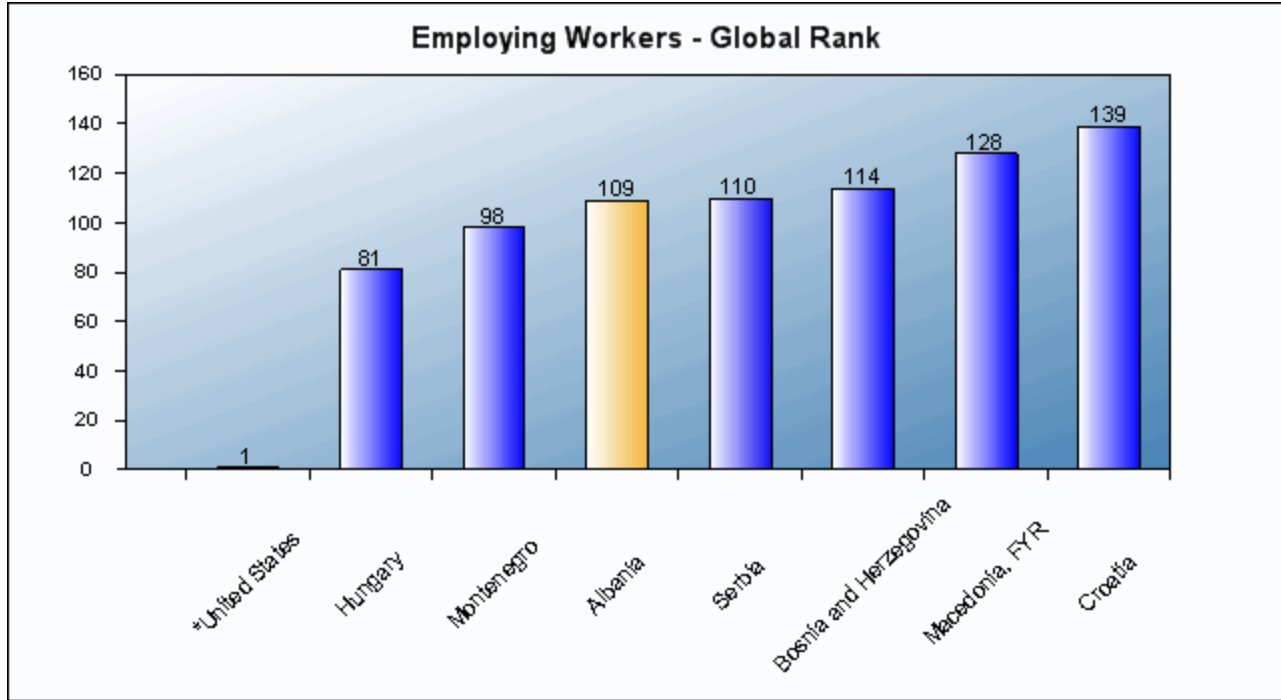
2. The following graph illustrates the Employing Workers indicators in Albania over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Albania is ranked 109 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of Albania in Employing Workers - Compared to best practice and selected economies:



* The following economies are also best practice economies for Employing Workers: Marshall Islands, Singapore

The following table shows Employing Workers data for Albania compared to best practice and comparator economies:

Best Practice Economies	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

Selected Economy			
Albania	35	22	56

Comparator Economies			
Bosnia and Herzegovina	46	15	31
Croatia	50	17	39
Hungary	30	34	35
Macedonia, FYR	50	33	26
Montenegro	38	18	39
Serbia	46	18	25

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

Registering Property in Albania: Regulation of Property Transfer

Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most countries the data are based on responses from both. Based on the responses, three indicators are constructed:

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

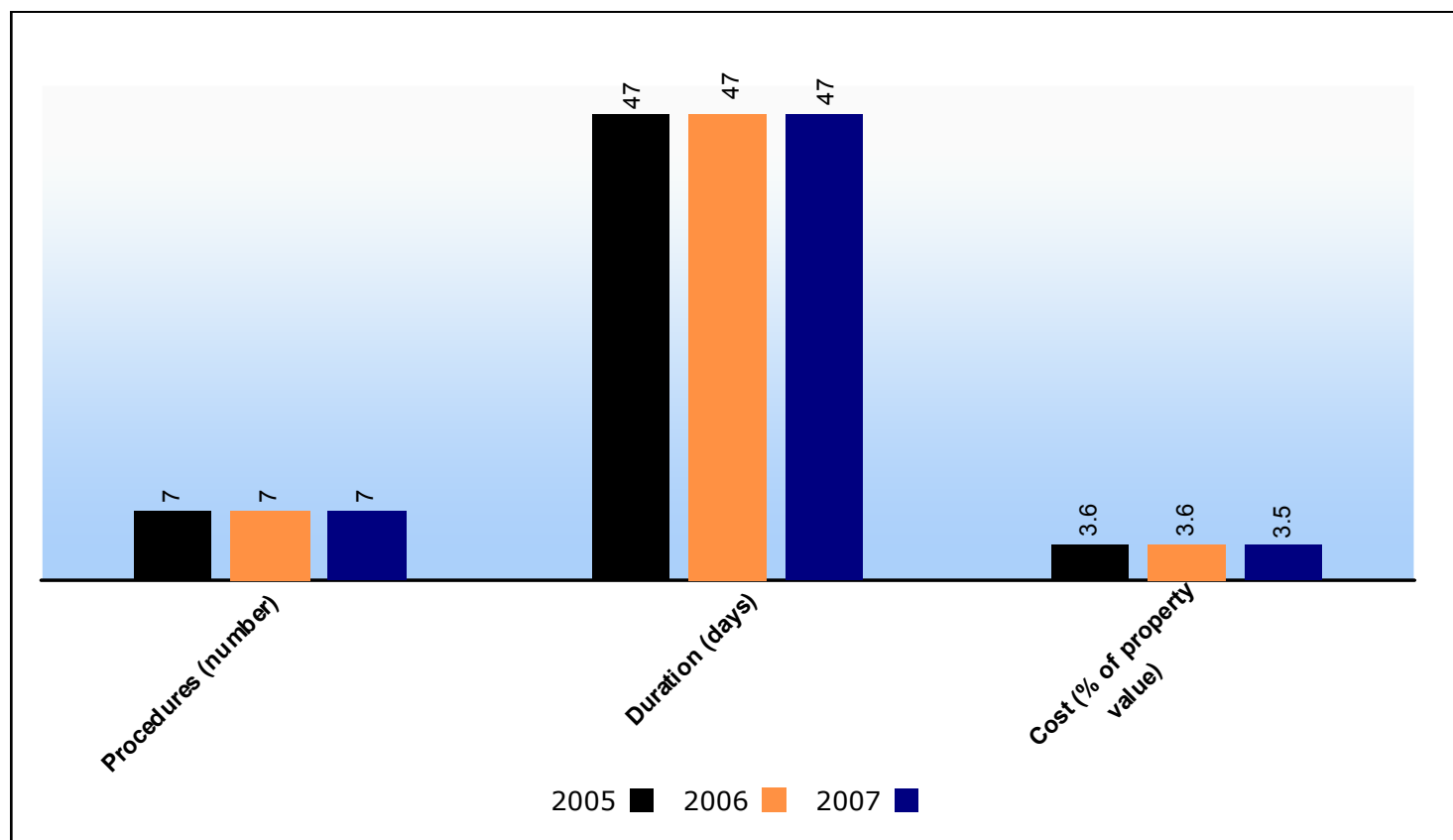
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

1. Historical data: Registering Property in Albania

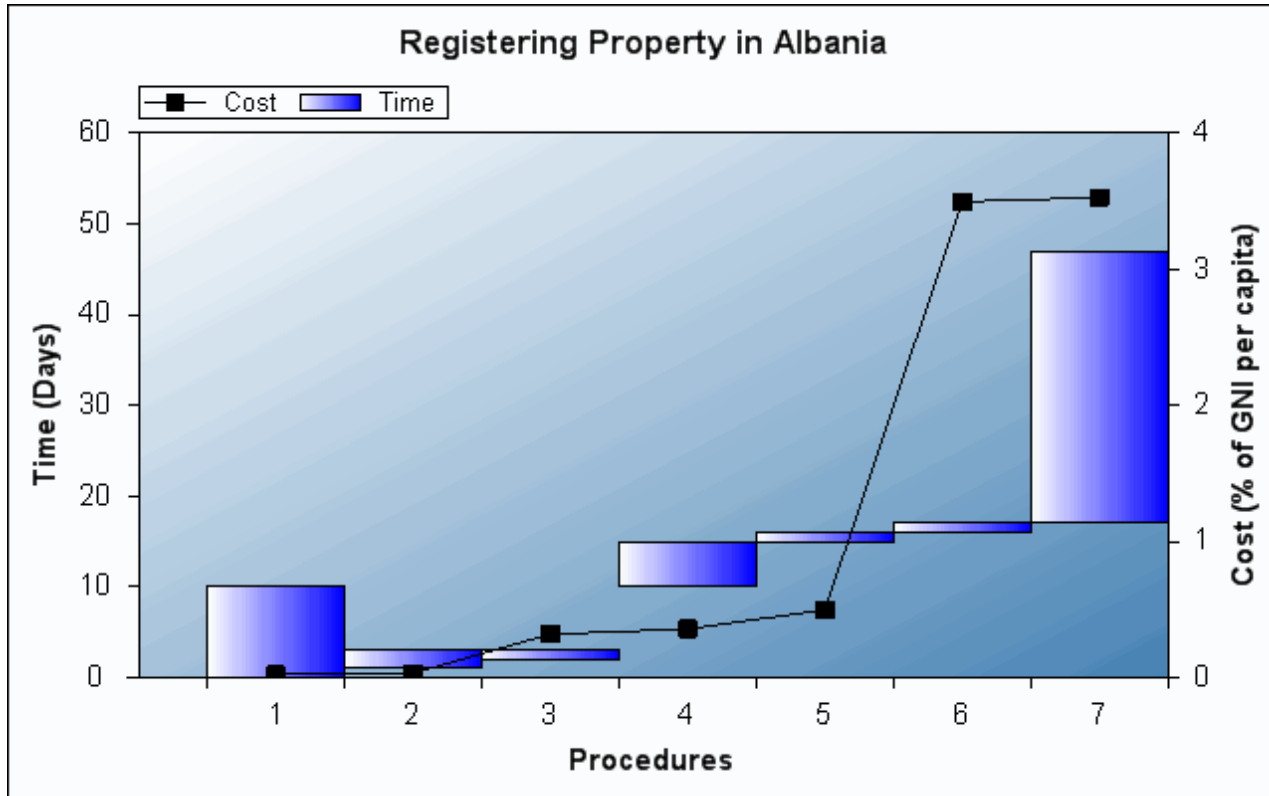
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		77	82
Procedures (number)	7	7	7
Duration (days)	47	47	47
Cost (% of property value)	3.6	3.6	3.5

2. The following graph illustrates the Registering Property indicators in Albania over the past 3 years:



3. Steps to Registering Property in Albania

It requires 7 procedures, takes 47 days, and costs 3.53% GNI per capita to register the property in Albania.



List of Procedures:

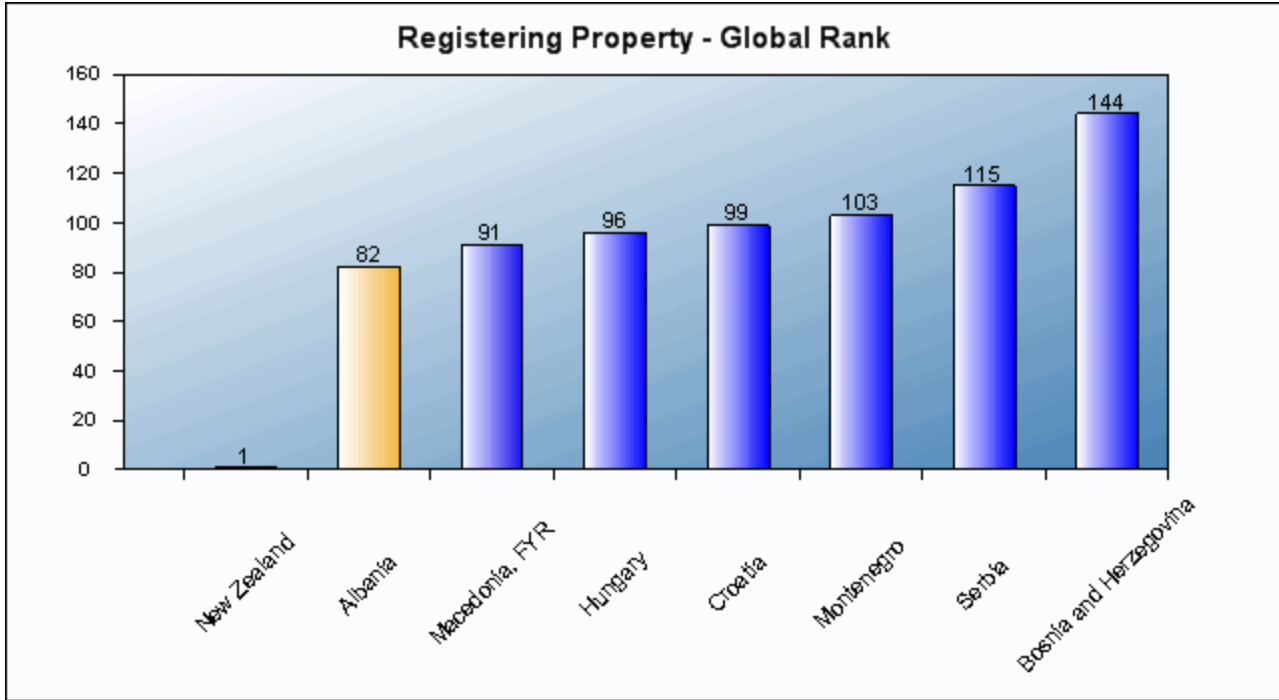
1. The seller obtains an ownership title certificate
2. Verification of property certificate and relevant map at the Real Estate Property Registry
3. Comparison of property map with the real situation and position of the land
4. Obtain a certificate from the local authorities certifying that the seller is the sole owner and is allowed to sell the land
5. Notarization of the sale and purchase contract by a notary public
6. Payment of income tax at a second-tier bank
7. Apply for registration at the Real Estate Registry Office

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Albania is ranked 82 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

Ranking of Albania in Registering Property - Compared to best practice and selected economies:



The following table shows Registering Property data for Albania compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia*			0.0

Selected Economy			
Albania	7	47	3.5

Comparator Economies			
Bosnia and Herzegovina	7	331	5.0
Croatia	5	174	5.0
Hungary	4	63	11.0
Macedonia, FYR	6	98	3.5
Montenegro	8	86	2.4
Serbia	6	111	5.4

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Albania: Legal Rights and Credit Information

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function—one on credit registries and the other on legal rights of borrowers and lenders.

Credit registries—institutions that collect and distribute credit information on borrowers—can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

- Public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population.
- Private bureau coverage, which reports the number of individuals and firms covered by a private credit bureau as a percentage of the adult population.
- Depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower's secured assets upon default, collateral limits the lender's potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

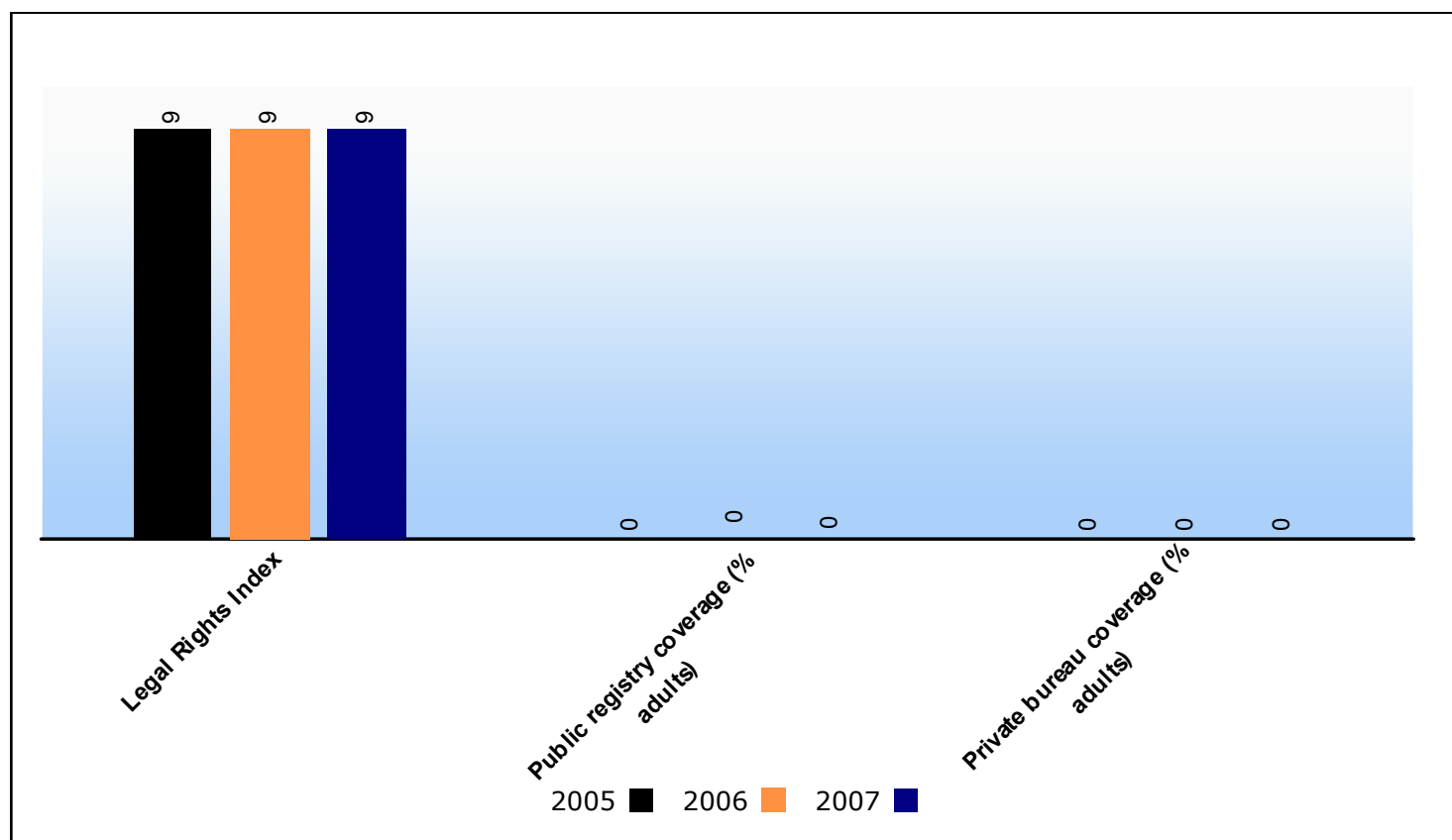
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

1. Historical data: Getting Credit in Albania

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		45	48
Legal Rights Index	9	9	9
Public registry coverage (% adults)	0.0	0.0	0.0
Private bureau coverage (% adults)	0.0	0.0	0.0

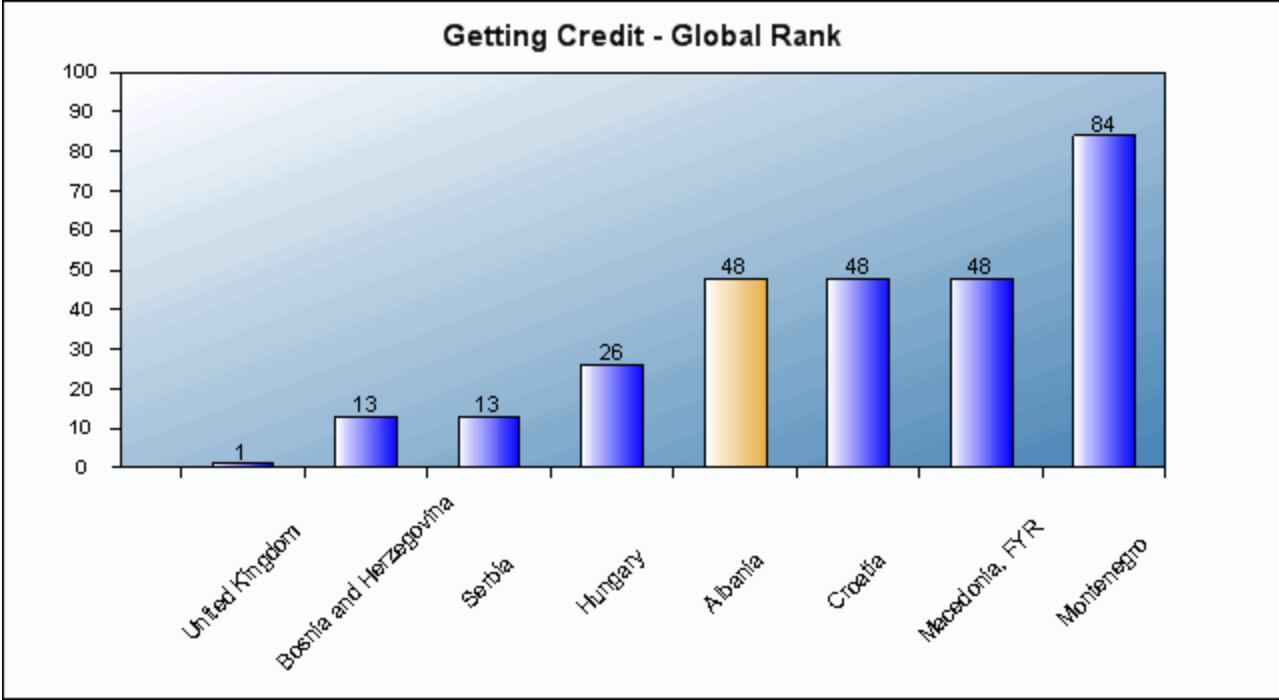
2. The following graph illustrates the Getting Credit indicators in Albania over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Albania is ranked 48 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

Ranking of Albania in Getting Credit - Compared to best practice and selected economies:



The following table shows Getting Credit data for Albania compared to best practice and comparator economies:

Best Practice Economies	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

Selected Economy			
Albania	9	0.0	0.0

Comparator Economies			
Bosnia and Herzegovina	7	0.0	63.7
Croatia	6	0.0	72.4
Hungary	6	0.0	6.9
Macedonia, FYR	6	4.0	0.0
Montenegro	7	0.0	0.0
Serbia	7	0.1	51.3

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

Private bureau coverage (% adults): Australia, Canada, Iceland, Ireland, New Zealand, Nicaragua, Norway, Sweden, United States

Protecting Investors in Albania

Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is unfair to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

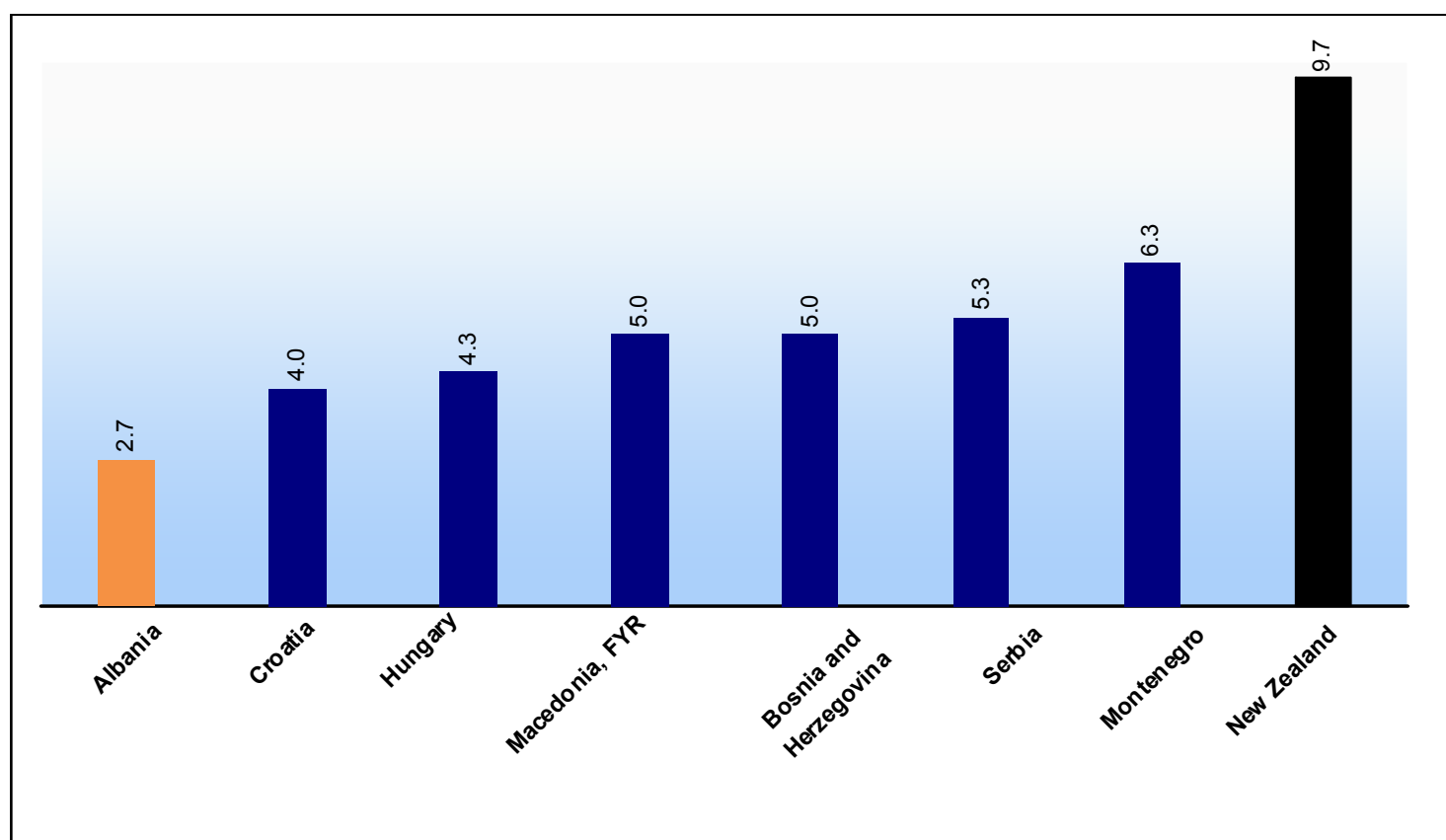
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

1. Historical data: Protecting Investors in Albania

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		165	165
Investor Protection Index	2.7	2.7	2.7

2. The following graph illustrates the Protecting Investors index in Albania compared to best practice and selected Economies:

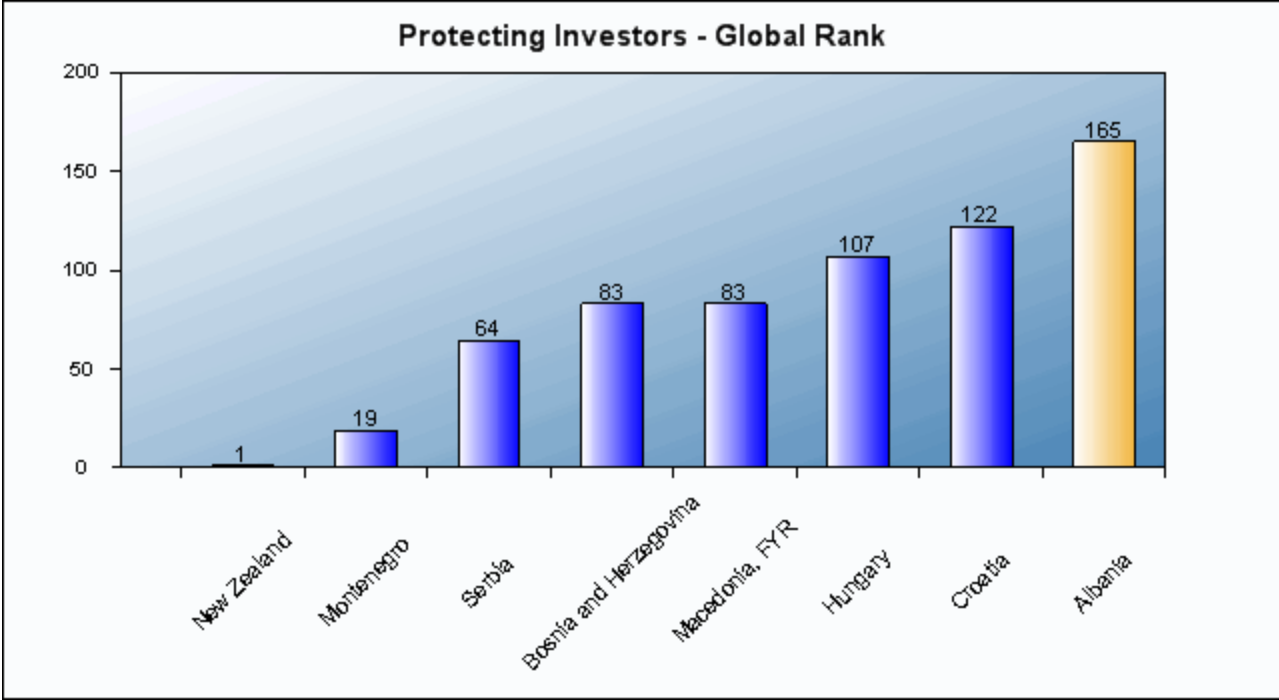


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Albania is ranked 165 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

Ranking of Albania in Protecting Investors - Compared to best practice and selected economies:



The following table shows Protecting Investors data for Albania compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Albania	2.7

<i>Comparator Economies</i>	
Bosnia and Herzegovina	5.0
Croatia	4.0
Hungary	4.3
Macedonia, FYR	5.0
Montenegro	6.3
Serbia	5.3

Paying Taxes: Tax Payable and Compliance in Albania

Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

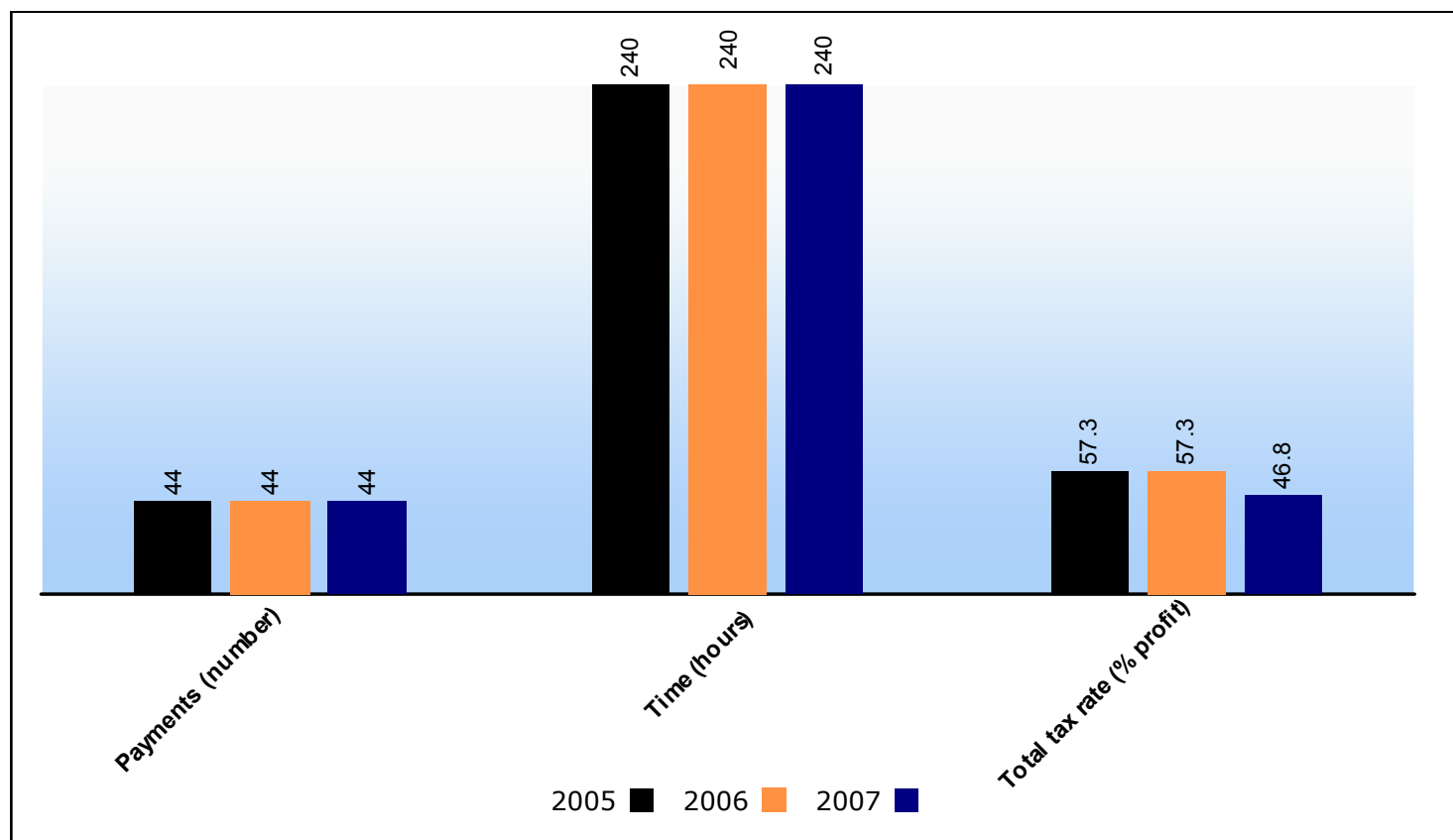
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Albania

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		138	118
Time (hours)	240	240	240
Total tax rate (% profit)	57.3	57.3	46.8
Payments (number)	44	44	44

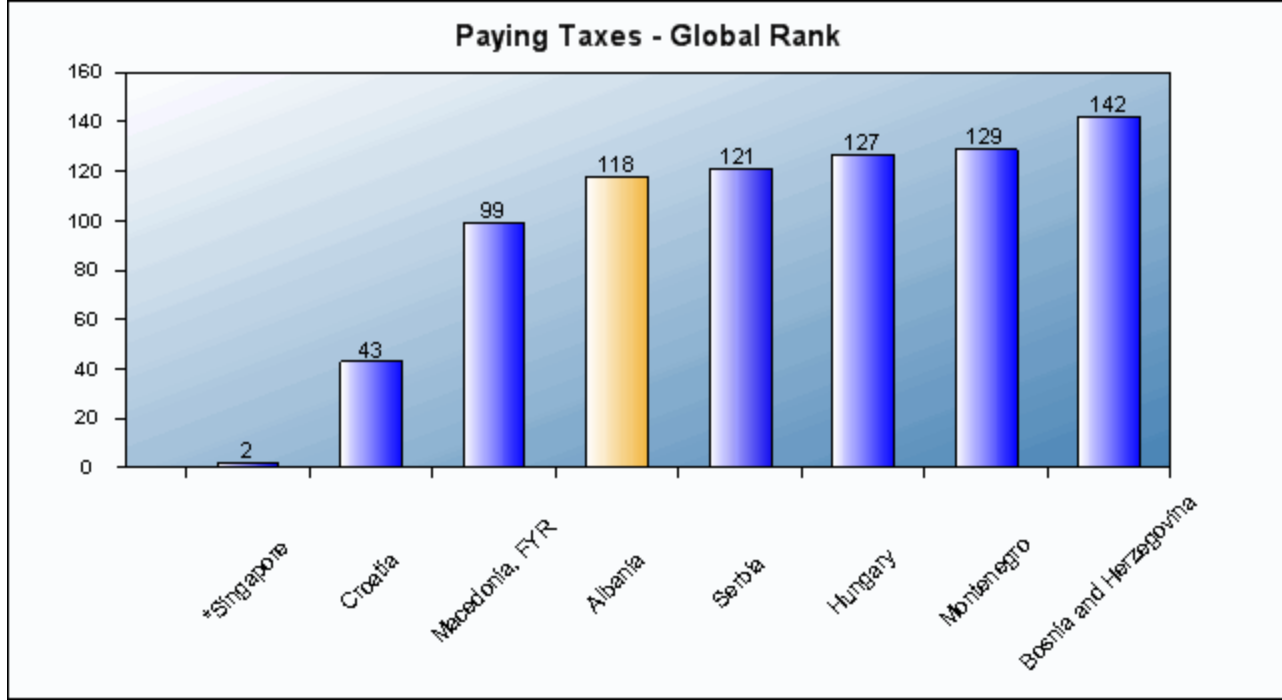
2. The following graph illustrates the Paying Taxes indicators in Albania over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Albania is ranked 118 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

Ranking of Albania in Paying Taxes - Compared to best practice and selected economies:



* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for Albania compared to best practice and comparator economies:

Best Practice Economies	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

Selected Economy			
Albania	44	240	46.8

Comparator Economies			
Bosnia and Herzegovina	51	368	44.1
Croatia	28	196	32.5
Hungary	24	340	55.1
Macedonia, FYR	52	96	49.8
Montenegro	88	372	31.6
Serbia	66	279	35.8

* The following economies are also best practice economies for :

Payments (number): Maldives

Time (hours): Maldives

Trading Across Borders: Importing and Exporting from Albania

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official procedure—and the associated documents, time and cost—for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the factory warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

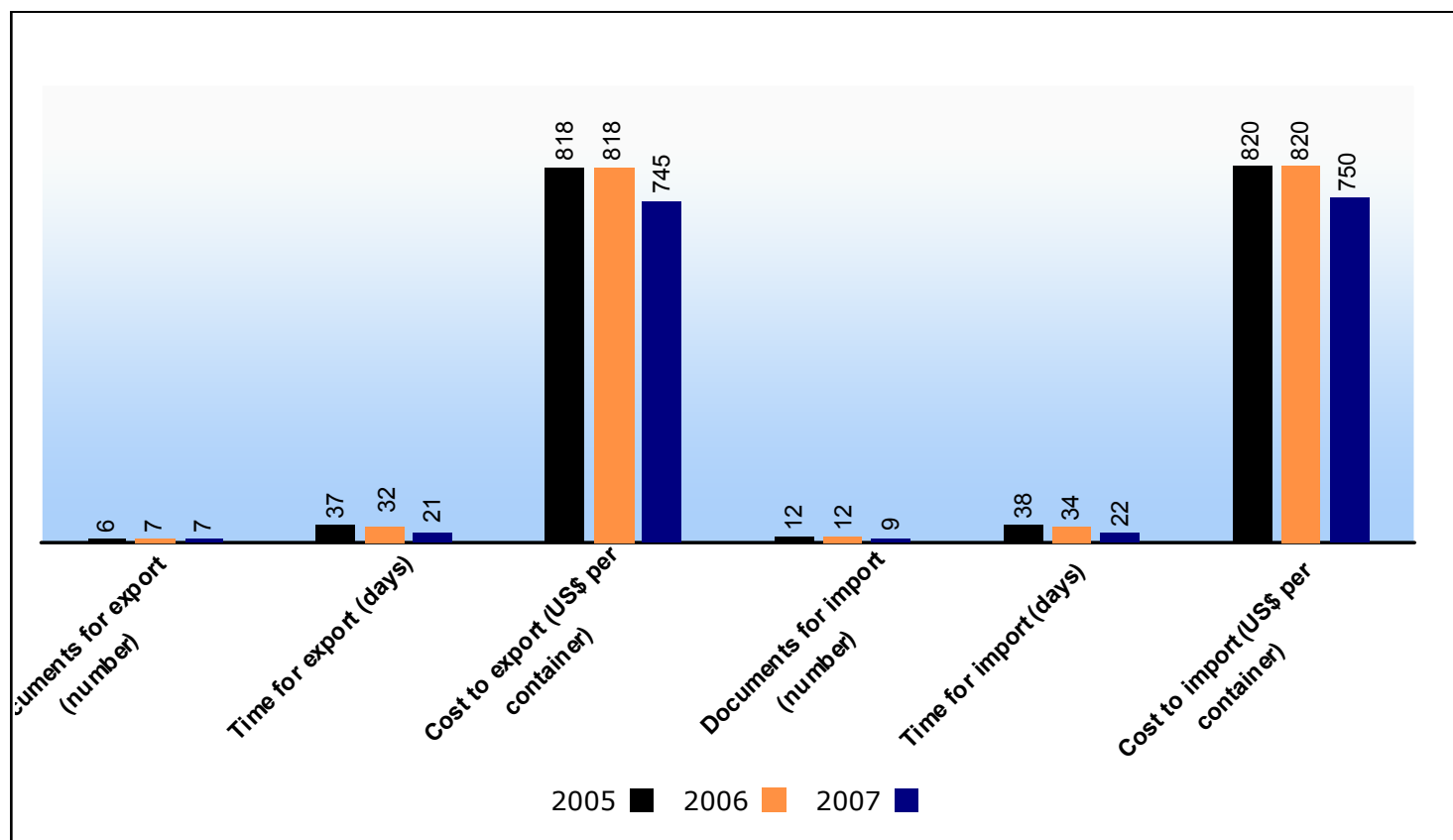
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes.

Countries that have efficient customs, good transport networks and fewer document requirements—making compliance with export and import procedures faster and cheaper—are more competitive globally. That leads to more exports—and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders avoid customs altogether. Instead, they smuggle goods across the border. That defeats the very purpose in having border control of trade—to levy taxes and ensure high quality of goods.

1. Historical data: Trading Across Borders in Albania

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		107	70
Documents for export (number)	6	7	7
Time for export (days)	37	32	21
Cost to export (US\$ per container)	818	818	745
Documents for import (number)	12	12	9
Time for import (days)	38	34	22
Cost to import (US\$ per container)	820	820	750

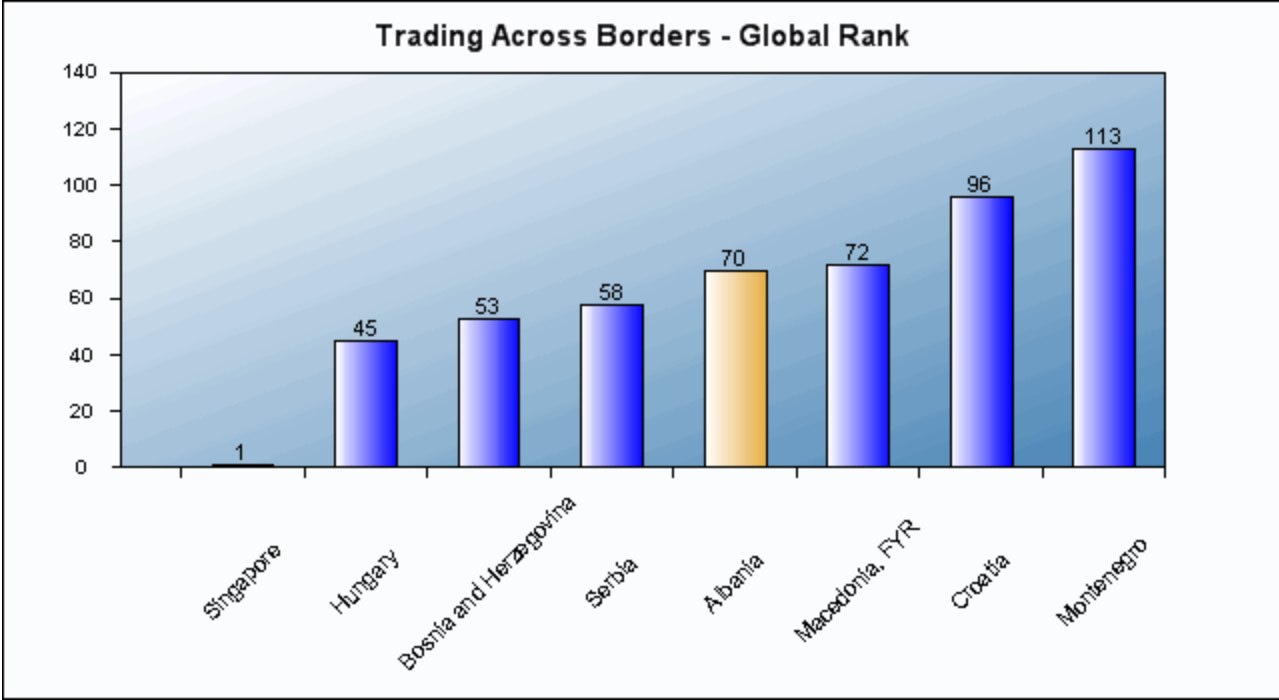
2. The following graph illustrates the Trading Across Borders indicators in Albania over the past 3 years:



3. Benchmarking Trading Across Borders Regulations:

Albania is ranked 70 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

Ranking of Albania in Trading Across Borders - Compared to best practice and selected economies:



The following table shows Trading Across Borders data for Albania compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

<i>Selected Economy</i>						
Albania	7	21	745	9	22	750

<i>Comparator Economies</i>						
Bosnia and Herzegovina	6	19	1030	7	18	985
Croatia	7	22	1200	8	16	1200
Hungary	5	18	975	7	17	975
Macedonia, FYR	7	19	1130	7	17	1130
Montenegro	9	18	1580	7	19	1780
Serbia	6	12	1240	6	14	1440

* The following economies are also best practice economies for :

Documents for export (number): **Estonia, Micronesia, Panama**

Time for export (days): **Estonia, Singapore**

Documents for import (number): **Sweden**

Enforcing Contracts: Court Efficiency in Albania

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

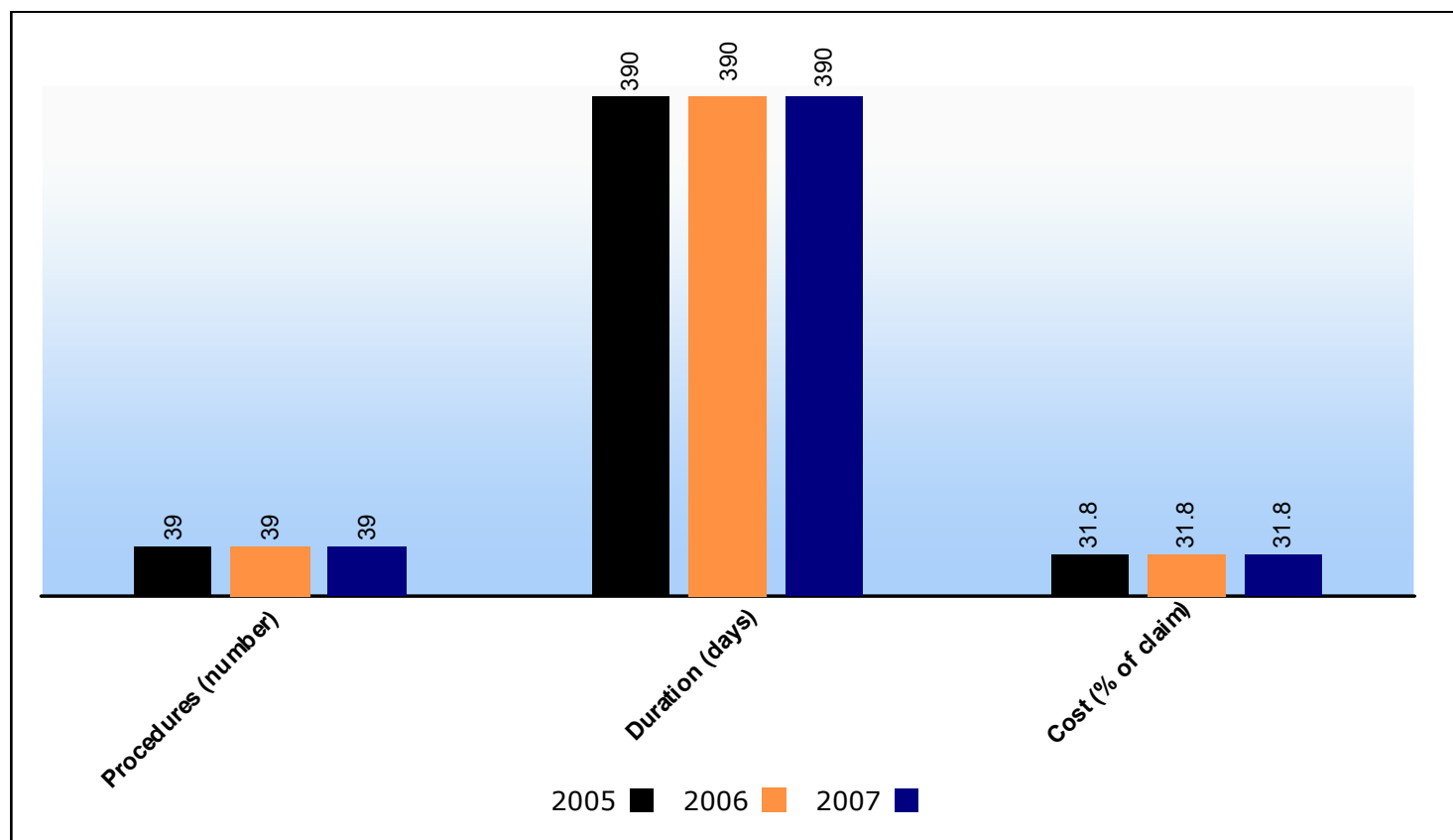
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

1. Historical data: Enforcing Contracts in Albania

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		76	74
Procedures (number)	39	39	39
Duration (days)	390	390	390
Cost (% of claim)	31.8	31.8	31.8

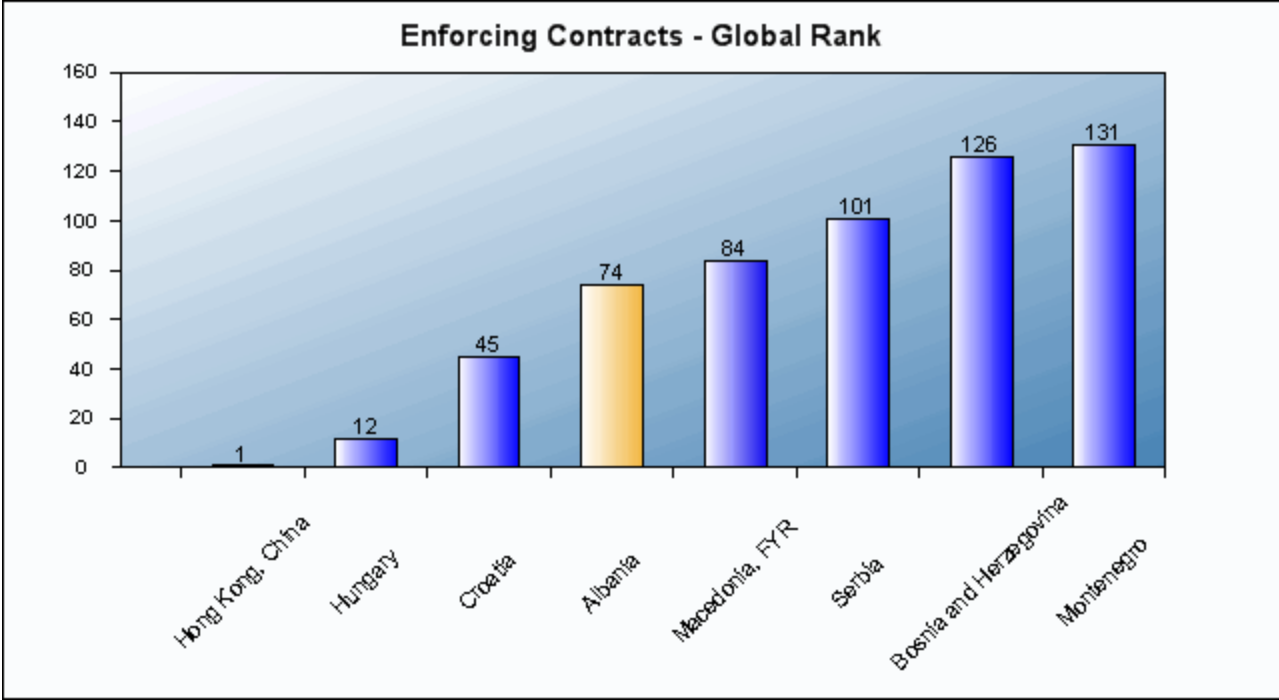
2. The following graph illustrates the Enforcing Contracts indicators in Albania over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Albania is ranked 74 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

Ranking of Albania in Enforcing Contracts - Compared to best practice and selected economies:



The following table shows Enforcing Contracts data for Albania compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

Selected Economy			
Albania	39	390	31.8

Comparator Economies			
Bosnia and Herzegovina	38	595	38.4
Croatia	38	561	13.8
Hungary	33	335	13.0
Macedonia, FYR	39	385	33.1
Montenegro	49	545	25.7
Serbia	36	635	28.4

Closing Business in Albania: Bankruptcy

The economic crises of the 1990s in emerging markets—from East Asia to Latin America, from Russia to Mexico—raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

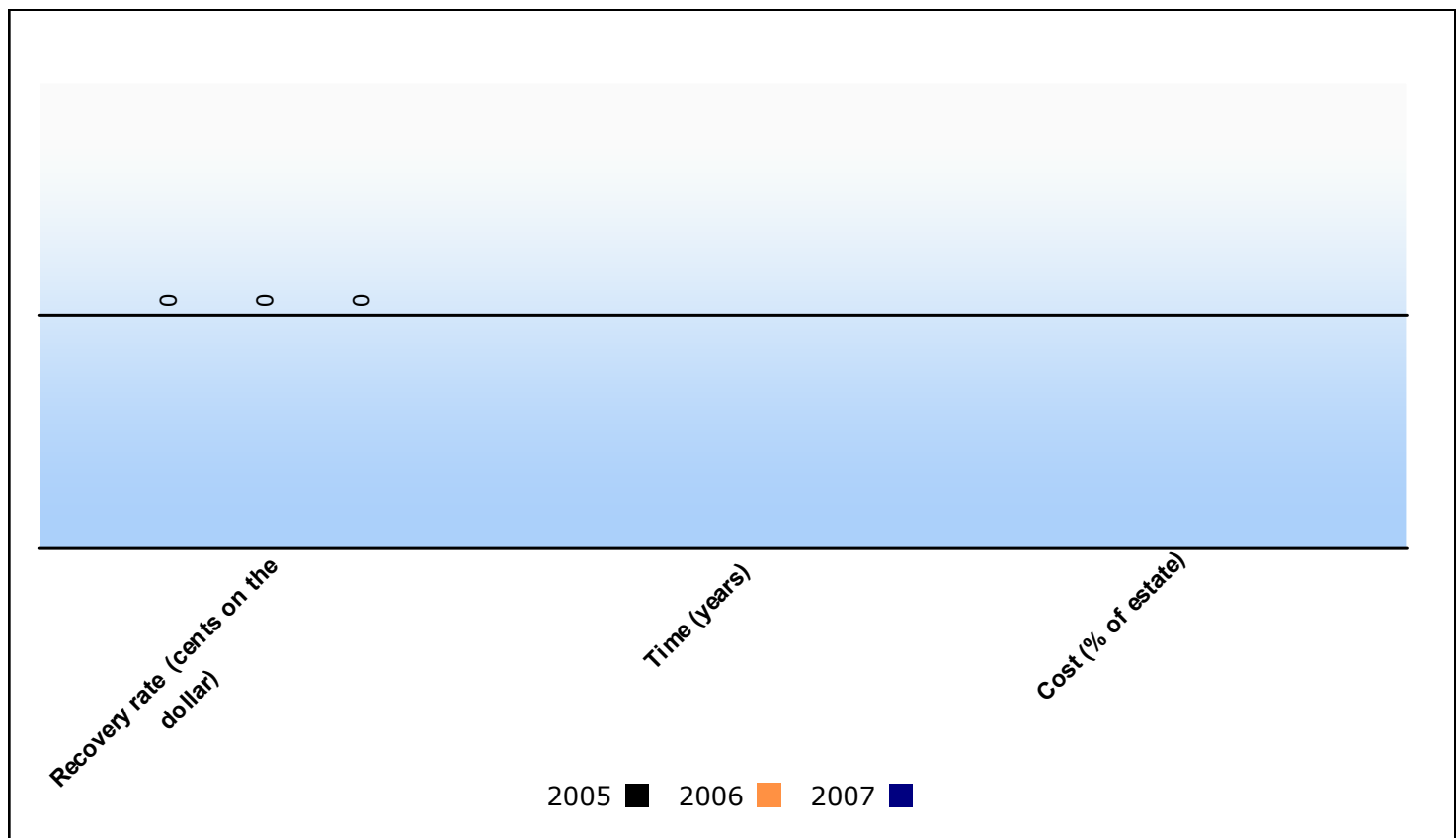
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

1. Historical data: Closing Business in Albania

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		178	178
Time (years)	no practice	no practice	no practice
Cost (% of estate)	no practice	no practice	no practice
Recovery rate (cents on the dollar)	0	0	0.0

2. The following graph illustrates the Closing Business indicators in Albania over the past 3 years:



3. Benchmarking Closing Business Regulations:

Albania is ranked 178 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

Ranking of Albania in Closing Business - Compared to best practice and selected economies:



The following table shows Closing Business data for Albania compared to best practice and comparator economies:

Best Practice Economies	Recovery rate (cents on the	Time (years)	Cost (% of estate)
Colombia			1
Ireland		0.4	
Japan	92.6		

Selected Economy			
Albania	0.0	no practice	no practice

Comparator Economies			
Bosnia and Herzegovina	35.0	3.3	9
Croatia	30.2	3.1	15
Hungary	38.4	2.0	15
Macedonia, FYR	15.8	3.7	28
Montenegro	42.8	2.0	8
Serbia	23.1	2.7	23

Starting a Business in Albania

This table summarizes the procedures and costs associated with setting up a business in Albania.

STANDARDIZED COMPANY

Legal Form: Limited Liability Company (Shpk)

Minimum Capital Requirement: ALL 100,000

City: Tirana

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Search for a unique company name	1 day	no charge
2	Deposit the initial capital in a bank and obtain a bank statement	1 day	no charge
3	Notarize the incorporation documents	1 day	Lek 10500
4	File the documents with the Office for the Registration of Companies in the district court of Tirana and obtain a registration number	18 days	Lek 1500
5	Register for taxes and obtain the VAT number and fiscal certificate	10 days	no charge
6	Register the company with Labor Inspectorate Office	1 day	no charge
7	Register for the membership with the Chamber of Commerce and Industry	1 day	Lek 20000
8	Pay the local fees and tariffs and obtain a final statement on the payment of local fees and tariffs to the office of Alba Post SHA	1 day	Lek 38500
9	Register with the Public Institute of Social Security for social security and health insurance	1 day	no charge
10	Make a company seal	1 day	Lek (3,000 - 5,000)

Procedure 1 Search for a unique company name

Time to complete: 1 day

Cost to complete: no charge

Comment: Article 10 of Law No. 7632 of 1992, "On the First Part of the Commercial Code," states that "It is forbidden to register in the same register trade names or company names (including branches) that may cause confusion with names previously registered in the same register, provided that a distinctive character is not added."

Procedure 2 Deposit the initial capital in a bank and obtain a bank statement

Time to complete: 1 day

Cost to complete: no charge

Comment: Initial capital may also be deposited before a notary public. A fee of ALL 4,000 (about USD 38) applies.

Procedure 3 Notarize the incorporation documents

Time to complete: 1 day

Cost to complete: Lek 10500

Comment: Fees to notarize the incorporation documents include

- Articles of incorporation: ALL 2,500.
- Statute: ALL 2,500.
- Request (to court) for company registration: ALL 2,500.
- Eventual special proxy to an attorney: ALL 3,000.

The legal fees for drafting the statute and the articles of incorporation vary greatly (from USD 100 to over USD 1,000), depending on the quality of legal services. The above-mentioned professional fees are charged mostly in Euros.

Procedure 4 File the documents with the Office for the Registration of Companies in the district court of Tirana and obtain a registration number

Time to complete: 18 days

Cost to complete: Lek 1500

Comment: Article 24 of Law No. 9536 (dated May 15, 2006), amending Law No. 7667 (dated January 28, 1993), "On Formalities and Procedures for the Registration With the Commercial Register," states "The judge must resolve on the registration within 8 days from the date of the request. If it is evidenced, during the evaluation of the request, that its documentation and content is not correct, after notifying the applicant, the court resolves issues that must be corrected, fixing a timeframe for such correction. In practice, however, it takes 10 to 15 business days to register with the District Court of Tirana."

Attached to the request and deposited in the register's appendix are the following documents: articles of incorporation, constitution act (signed in the presence of a notary public), the act for appointment of administrators, documents reflecting capital disbursement, and so forth.

Registration fees are paid directly to the Commercial Registry.

According to Article 41 of Law No. 9751 on the registration of limited liability companies, it is no longer required to prove the initial capital was deposited. If the capital has not been deposited, the National Registration Center states this fact in

the registration documents.

Procedure 5 Register for taxes and obtain the VAT number and fiscal certificate

Time to complete: 10 days

Cost to complete: no charge

Comment: Law No. 9585 (dated July 17, 2006) amends Law No. 8560 (dated December 22, 1999) on tax procedures so that the tax authority issues the VAT number certificate and the fiscal certificate within five days following application. In practice, it still takes the District Tax Office about 10 days to issue a certificate. The required documents are a copy of (a) the court decision on the company registration; (b) the articles of incorporation; (c) the statutes; (d) the lease agreement, for the premises at the company's registered address; (e) the declaration of the forecasted company turnover for the current year; (f) the company director's passport; and (g) two photos of the company director.

Procedure 6 Register the company with Labor Inspectorate Office

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 7 Register for the membership with the Chamber of Commerce and Industry

Time to complete: 1 day

Cost to complete: Lek 20000

Comment: On the basis of the Law No. 7804 (dated October 3, 1994), "On the Chambers of Commerce and Industry," chamber membership is compulsory for tradesmen, commercial companies, and state enterprises. The annual membership fee is ALL 20,000.

Procedure 8 Pay the local fees and tariffs and obtain a final statement on the payment of local fees and tariffs to the office of Alba Post SHA

Time to complete: 1 day

Cost to complete: Lek 38500

Comment: Local fees and tariffs include:

- National tax on company's registration, paid once, that is, upon initial registration with the tax authorities: ALL 12,000
- Environmental tax, depending on activity type exercised and environmental impact: ALL 6,000 (commercial activity) – 80,000 (production activity) a year.
- Green tax: ALL 5,000.
- Billboard fee: ALL 1,500 (in Albanian) – ALL 3,000 (in foreign language) a year.
- Property tax (assuming 100 sq. m in space), applied to any company-owned immovable property: ALL 200 per sq. m. a year.

Alba Post SHA is a state-owned mailing services company. Companies may pay local fees and taxes by Alba Post or commercial bank. They must obtain proof of payment evidence.

Procedure 9 Register with the Public Institute of Social Security for social security and health insurance

Time to complete: 1 day

Cost to complete: no charge

Comment: The calculation and collection of social security contributions, to be borne by both the employer and the employee, are no longer handled by the district branch of the Social Securities Institute. Instead, they are handled by the District Tax Office, the latter acting as the former's agent. The contribution to the social security scheme is 41.9%, with the employer contributing 30.7% and the employee 11.2%. These contributions cover disability, pension, health insurance, unemployment, worker compensation, and pregnancy and post-partum leave.

Procedure 10 Make a company seal

Time to complete: 1 day

Cost to complete: Lek (3,000 - 5,000)

Comment:

Dealing with Licenses in Albania

The table below summarizes the procedures, time, and costs to build a warehouse in Albania.

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Tirana

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain recent property ownership certificate	30 days	ALL 2,700
2 *	Request and obtain extract of master plan of the plot from the Urban Planning Department	30 days	ALL 4,000
3 *	Request and obtain document attesting that the firm has no unpaid environmental fines	1 day	ALL 200
4 *	Request and obtain opinion of the District Urban Planning Department	10 days	ALL 2,000
5 *	Request and obtain project clearance from water authority	9 days	no charge
6 *	Request and obtain project clearance from environmental protection agency	8 days	no charge
7 *	Request and obtain electricity authority approval	5 days	ALL 500
8 *	Request and obtain Fire Department approval	30 days	ALL 20,000
9	Request a land permit from Urban Planning Department (Technical Commission)	1 day	no charge
10 *	Receive inspection from Technical Commission	1 day	no charge
11 *	Request and obtain decision of the Technical Commission	90 days	ALL 800,000
12	Request and obtain Building Permit	45 days	ALL 400,000
13	Receive on-site inspection of construction foundations	1 day	no charge
14	Receive on-site inspection of the completion of construction skeleton	1 day	no charge
15	Receive on-site inspection of the adjustment of the surroundings of the building according to the drawings	1 day	no charge

16 *	Request and connect to telecommunications services	30 days	ALL 30,000
17 *	Request and connect to water and sewage services	20 days	ALL 40,000
18 *	Request and connect to electricity services	20 days	ALL 40,000
19	Submit report on the completion of works and request on-site inspection by an authorized expert	1 day	no charge
20	Receive on-site inspection by an authorized expert and obtain approval	30 days	no charge
21	Receive inspection from municipality	1 day	no charge
22	Receive compliance report after inspection	3 days	no charge
23	Obtain occupancy permit	30 days	no charge
24	Register with the Real Estate Registry	60 days	ALL 4,250

* Takes place simultaneously with another procedure.

Procedure	1	Request and obtain recent property ownership certificate
Time to complete:		30 days
Cost to complete:		ALL 2,700
Comment:		The certificate of ownership of property (the construction site) can be obtained from the Real Estate Registry. This certificate should be at most 3 months old. The Registry's automated system expedites this process.
Procedure	2	Request and obtain extract of master plan of the plot from the Urban Planning Department
Time to complete:		30 days
Cost to complete:		ALL 4,000
Comment:		The master plan of the plot issued by the municipality's Urban Planning Department should contain the approval of the municipality's Department of Road Projects. Article 36 of the Law On City Planning states that the plot's master plan must be submitted to the technical secretary of the Territory Management Council and to the municipality within 15 days of the date of its inclusion. It will be available to the company within 30 days.
Procedure	3	Request and obtain document attesting that the firm has no unpaid environmental fines
Time to complete:		1 day
Cost to complete:		ALL 200
Comment:		This attestation is required by Point 18 of the Council of Ministers' approval of the city planning regulations. It must be submitted with the required set of documents when applying for the construction site permit and the construction permit (up to three stories).
Procedure	4	Request and obtain opinion of the District Urban Planning Department
Time to complete:		10 days
Cost to complete:		ALL 2,000
Comment:		BuildCo should request an attestation on the drawings' compliance with urban zoning regulations from the district Urban Planning Department. This requirement is provided for by Point 21 of the regulations on construction (of up to three stories), "Documents That an Investor Should Submit for Obtaining Construction Site Permit and Construction Permit," published by the Council of Tirana Municipality.
Procedure	5	Request and obtain project clearance from water authority
Time to complete:		9 days
Cost to complete:		no charge
Comment:		The water authority approves the project and indicates the nearest water supply sources.
Procedure	6	Request and obtain project clearance from environmental protection agency
Time to complete:		8 days

Cost to complete: no charge

Comment:

Procedure 7 Request and obtain electricity authority approval

Time to complete: 5 days

Cost to complete: ALL 500

Comment:

Procedure 8 Request and obtain Fire Department approval

Time to complete: 30 days

Cost to complete: ALL 20,000

Comment: The fee for this procedure is 0.5% of the project value for objects with investment value of up to ALL 50 million, according to Decision No. 285 (of June 27, 2002) "On Tariffs of the Police for Protection against Fire Services." The fee is estimated at 0.5% of the design value (generally 10% of the warehouse value, which would be ALL 4 million in the case considered here). Hence, the fee is ALL 20,000.

Procedure 9 Request a land permit from Urban Planning Department (Technical Commission)

Time to complete: 1 day

Cost to complete: no charge

Comment: BuildCo must request the Urban Planning Department to issue a land clearance for the construction site.

Procedure 10 Receive inspection from Technical Commission

Time to complete: 1 day

Cost to complete: no charge

Comment: Upon inspection, the Technical Commission prepares an authorization letter, attesting that the land is clear for construction.

Procedure 11 Request and obtain decision of the Technical Commission

Time to complete: 90 days

Cost to complete: ALL 800,000

Comment: The Technical Commission convenes every 30 days. However, owing to the recent backlog, with too many files processed by too few civil servants, as of April 2007, the Commission had not convened since December 2006. The fee is about 2% of the overall project value.

Procedure 12 Request and obtain Building Permit

Time to complete: 45 days

Cost to complete: ALL 400,000

Comment: The building permit is valid for a term determined by the Territory Adjustment Commission. According to Article 46 of the law "On City Planning," the permit is valid for 180 days. This permit grants the right to build on the site (construction site permit is already granted).

The building permit shall be issued to only juridical persons who are licensed contractors. Several forms and documents are required to obtain this permit:

- Technical project.
- Chart of construction work.
- Table of costs.
- Seismologic study.

According to Article 50 of the law "On City Planning," the Territory Management Council has 45 days to decide on the construction permit. According to Article 51 of the same law, the fee is 1% of the investment value.

At least 10 days in advance, Buildco must notify the construction police about the start of construction. This notification must contain (a) construction drawings, together with the construction permit, and (b) topographic and engineering drawings of the foundations.

Procedure 13 Receive on-site inspection of construction foundations

Time to complete: 1 day

Cost to complete: no charge

Comment: The on-site inspection occurs in 6–7 days.

Procedure 14 Receive on-site inspection of the completion of construction skeleton

Time to complete: 1 day

Cost to complete: no charge

Comment: The on-site inspection occurs in 6–7 days.

Procedure 15 Receive on-site inspection of the adjustment of the surroundings of the building according to the drawings

Time to complete: 1 day

Cost to complete: no charge

Comment: The on-site inspection occurs in 6–7 days.

Procedure 16 Request and connect to telecommunications services

Time to complete: 30 days

Cost to complete: ALL 30,000

Comment:

Procedure 17 Request and connect to water and sewage services

Time to complete: 20 days

Cost to complete: ALL 40,000

Comment:

Procedure 18 Request and connect to electricity services

Time to complete: 20 days

Cost to complete: ALL 40,000

Comment:

Procedure 19 Submit report on the completion of works and request on-site inspection by an authorized expert

Time to complete: 1 day

Cost to complete: no charge

Comment: Within 30 days of completing construction, BuildCo submits to the Urban Planning Department a report that documents construction materials and associated costs and requests an inspection of the construction site.

Procedure 20 Receive on-site inspection by an authorized expert and obtain approval

Time to complete: 30 days

Cost to complete: no charge

Comment: The authorized expert from the Urban Planning Department will sign the inspection completion statement after performing the on-site inspection.

Procedure 21 Receive inspection from municipality

Time to complete: 1 day

Cost to complete: no charge

Comment: The municipal inspection takes place several weeks later.

Procedure 22 Receive compliance report after inspection

Time to complete: 3 days

Cost to complete: no charge

Comment: The construction firm usually receives the compliance report within 3 days of inspection. Another 30 days are required to obtain the occupancy permit.

Procedure 23 Obtain occupancy permit

Time to complete: 30 days

Cost to complete: no charge

Comment: The occupancy permit grants the right to use the building after construction is completed. Addressed to the Urban Planning Department, the request must be accompanied by a set of documents related to the construction process and by the completion statement, duly signed by the authorized expert.

Procedure 24 Register with the Real Estate Registry

Time to complete: 60 days

Cost to complete: ALL 4,250

Comment: Upon receiving the occupancy permit, BuildCo registers the warehouse with the Real Estate Registry. It does so by submitting the construction file, which includes the building permit and inspection reports (cited in Procedure 1). The registration tax is EUR 8 per sq. m., or EUR 10,405. (The total fee thus corresponds to ALL 4,250.)

Employing Workers in Albania

Employing workers indices are based on responses to survey questions. The table below shows these responses in Albania.

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		34.8
Difficulty of Hiring Index		44.4
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.37	0.33
Rigidity of Hours Index		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	20	0
Difficulty of Firing Index		20.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	Yes	1
Firing costs (weeks of wages)		55.9
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		13.0

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	42.9
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What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
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Nonwage labor cost (% of salary)	21.7
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Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Albania

This topic examines the steps, time, and cost involved in registering property in Albania.

STANDARDIZED PROPERTY

Property Value: 148,000.00

City: Tirana

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	The seller obtains an ownership title certificate	10 days (simultaneous with procedures 2 and 3)	3,000 ALL
2 *	Verification of property certificate and relevant map at the Real Estate Property Registry	2 days (simultaneous with procedures 1 and 3)	550 ALL (updated record file) + 950 ALL (updated certificate of title with a layout)
3 *	Comparison of indicative property map with the real situation and position of the land	1 day (simultaneous with procedures 1 and 2)	50 to 100 ALL per square meter of the land
4	Obtain a certificate from the local authorities certifying that the seller is the sole owner and is allowed to sell the land	5 days	10 ALL per square meter of land

5 Notarization of the sale and purchase contract by a notary public

1 day

The fees applied are calculated according to the following schedule:

Value of real erty	Notary fees
From 100,000ALL up to 3,000,000 ALL	3,500 to 7,000 (fee is estimated proportionally)
From 3,000,000ALL up to 10,000,000ALL	from 7,000ALL up to 8,500ALL
From 4,000,000ALL up to 10,000,000ALL	from 8,500ALL up to 10,000ALL
From 6,000,000ALL up to 10,000,000ALL	from 10,000ALL up to 15,000ALL
From 8,000,000ALL up to 100,000,000ALL	from 15,000ALL up to 18,000ALL
From 10,000,000ALL up 15,000,000ALL	from 18,000ALL up to 23,000ALL
From 15,000,000ALL up 15,000,000ALL	from 23,000ALL up to 30,000ALL
From 25,000,000ALL up 100,000,000ALL	from 30,000ALL up to 35,000ALL
From 40,000,000ALL up 100,000,000ALL	from 35,000ALL up to 40,000ALL
From 50,000,000ALL up 100,000,000ALL	from 40,000ALL up to 50,000ALL
From 70,000,000ALL up 100,000,000ALL	from 50,000ALL up to 100.000ALL
100,000,000 ALL	Up to 150,000 ALL

6	Payment of income tax at a second-tier bank	1 day	0.5% - 3% of property value, according to the following scale by Order of the Ministry of Finance No. 5, dated January 30, 2006: for properties the sale price of which is: from 0 up to ALL 2,000,000, the income tax is 0.5% of the sale price; over ALL 2,000,000 up to ALL 4,000,000 is 1% of the sale price; over ALL 4,000,000 up to ALL 6,000,000, is 2% of the sale price; over ALL 6,000,000 and up, is 3% of the sale price.
7	Application for the registration of the real estate property with the relevant Real Estate Registry Office under the name of the buyer	30 days	4,500 ALL

* Takes place simultaneously with another procedure.

Procedure 1	The seller obtains an ownership title certificate
Time to complete:	10 days (simultaneous with procedures 2 and 3)
Cost to complete:	3,000 ALL
Comment:	The seller files with the relevant Real Estate Registry Office the required documents in order to obtain an updated certificate of title with a layout or a record file. It contains the property number, land registry area, name of co-owner(s), the description of the surface of the property in square meters, the site and/or building(s) data, if any, and a specific section certifying that the real estate property is or is not subject to any dispute, lien, encumbrance, mortgage or any other real rights .
Procedure 2	Verification of property certificate and relevant map at the Real Estate Property Registry
Time to complete:	2 days (simultaneous with procedures 1 and 3)
Cost to complete:	550 ALL (updated record file) + 950 ALL (updated certificate of title with a layout)
Comment:	The legal status of the real estate property is checked by means of prior filing of an application by the seller with the relevant Real Estate Registry Office in order to obtain an updated certificate of title with a layout or an updated record file to be submitted to the Notary Public. It is mandatory that this step be followed by the seller in case of execution of a sale and purchase contract on the real estate property.
Procedure 3	Comparison of indicative property map with the real situation and position of the land
Time to complete:	1 day (simultaneous with procedures 1 and 2)
Cost to complete:	50 to 100 ALL per square meter of the land
Comment:	Such proceeding aims at preventing any dispute arising from overlapping, borders misfit and land surface. It is not mandatory, but it is advisable to be followed in case of a high-priced transaction. The verification should be done by a licensed topographer at the expense of the buyer. Official fee to be paid is 40 ALL per square meter, but in reality the fee is between 50 – 100 ALL per square meter of land. It is assumed that the area of land in this case is 557.4 square meters.
Procedure 4	Obtain a certificate from the local authorities certifying that the seller is the sole owner and is allowed to sell the land
Time to complete:	5 days
Cost to complete:	10 ALL per square meter of land
Comment:	This procedure is applied only for real estate properties situated in peri-urban areas, as a result of some disputes existing between the (co)owner(s) and expropriated (co)owner(s). Such (co)owner(s) enjoy their rights in compliance with the law no. 7501, dated on 19 July 1991, "On the land". This law states the right to lands belong to the entire rural families organized under agricultural families during the years 1950 - 1990, ignoring the title of ownership of the expropriated owners. Thus, a certificate issued by the responsible local authority is required.
Procedure 5	Notarization of the sale and purchase contract by a notary public
Time to complete:	1 day

Cost to complete: The fees applied are calculated according to the following schedule:

Value of real estate property	Notary fees
From 100,000ALL up to 3,000,000 ALL estimated proportionally)	3,500 to 7,000 (fee is
From 3,000,000ALL up to 4,000,000ALL to 8,500ALL	from 7,000ALL up
From 4,000,000ALL up to 6,000,000ALL to 10,000ALL	from 8,500ALL up
From 6,000,000ALL up to 8,000,000ALL to 15,000ALL	from 10,000ALL up
From 8,000,000ALL up to 10,000,000ALL to 18,000ALL	from 15,000ALL up
From 10,000,000ALL up to 15,000,000ALL to 23,000ALL	from 18,000ALL up
From 15,000,000ALL up to 25,000,000ALL to 30,000ALL	from 23,000ALL up
From 25,000,000ALL up to 40,000,000ALL to 35,000ALL	from 30,000ALL up
From 40,000,000ALL up to 50,000,000ALL to 40,000ALL	from 35,000ALL up
From 50,000,000ALL up to 70,000,000ALL to 50,000ALL	from 40,000ALL up
From 70,000,000ALL up to 100,000,000ALL to 100.000ALL	from 50,000ALL up
Over 100,000,000ALL	Up to 150,000
ALL	

Comment: The sale and purchase contract must be notarized before a notary public. The contract must be drafted by a notary public, lawyer, attorney at law, legal consultant or the parties themselves. The Albanian law does not put any restrictions regarding this issue. In case the sale and the purchase contract is not drafted by a lawyer, the notary public is held responsible for the terms and conditions provided therein.

An updated certificate of title of the property with a layout or an updated record file issued by the relevant Real Estate Registry Office is attached to and is an integral part of the sale and purchase contract.

Procedure 6 Payment of income tax at a second-tier bank

Time to complete: 1 day

Cost to complete: 0.5% - 3% of property value, according to the following scale by Order of the Ministry of Finance No. 5, dated January 30, 2006: for properties the sale price of which is: from 0 up to ALL 2,000,000, the income tax is 0.5% of the sale price; over ALL 2,000,000 up to ALL 4,000,000 is 1% of the sale price; over ALL 4,000,000 up to ALL 6,000,000, is 2% of the sale price; over ALL 6,000,000 and up, is 3% of the sale price.

Comment: The seller is subject to the income tax due the transfer of the title of ownership on the real estate property. Such tax is paid at a second-tier bank in the territory of the Republic of Albania, with whom the relevant Real Estate Registry Office maintains a banking account, and the seller obtains a receipt of payment of income tax.

The alienation of a real estate property from a legal entity to another one is also subject to capital gains tax, at a rate of 20% of the transaction value.

Procedure 7 Application for the registration of the real estate property with the relevant Real Estate Registry Office under the name of the buyer

Time to complete: 30 days

Cost to complete: 4,500 ALL

Comment: The buyer submits the original version of the sale and purchase contract and the bank receipt for payment of income tax to the relevant Real Estate Registry Office for the registration of the real estate property under the buyer's name.
The Tirana Real Estate Registry handles the registration of the real estate properties mainly by means of a computerized system.

Getting Credit in Albania

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Albania.

Getting Credit Indicators (2007)			Indicator
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	0
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	0.0	0.0	
Number of individuals	0	0	
Number of firms	0	0	
Legal Rights Index			9
Does the law allow all natural and legal persons to be party to collateral agreements?			Yes
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			Yes
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			Yes
Does a unified registry exist for all security rights in movable property?			Yes
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			Yes
During reorganization, is management's control of the company's assets suspended?			No
Does the law authorize parties to agree on out of court enforcement?			Yes
May parties have recourse to out of court enforcement without restrictions?			Yes

Protecting Investors in Albania

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Albania.

Protecting Investors Data (2007)	Indicator
Disclosure Index	0
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	0
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	0
Disclosures by Mr. James to board of directors (0-2; see notes)	0
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Director Liability Index	5
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	1
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Shareholder Suits Index	3
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	1
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	1
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	0
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Notes:**Extent of Disclosure Index**

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in Albania

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Albania, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		24	20.0%	value added		not included
Vehicle tax	1			fixed fee (ALL 6,000 per truck)		0.04	
Local tax	1			fixed fee (ALL 25,000)	type of business	0.15	
Circulation fee	1			fixed fee (ALL 64,000 per truck)		0.40	
Environmental tax	1			2.0%	value of investment	0.61	
Fuel tax	1			75% of price	value of fuel consumption	1.05	
Property tax	1			ALL 200 for building	area of building (land) in square meters	1.15	
Property transfer tax	1			2.0%	sale price	1.21	
Corporate income tax	13		120	20.0%	taxable profits	17.69	
Social security contributions	12		96	21.7%	gross salaries	24.48	
Totals	44		240			46.8	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filing available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in Albania

These tables list the procedures necessary to import and exports a standardized cargo of goods in Albania. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	11	130
Customs clearance and technical control	2	35
Ports and terminal handling	3	380
Inland transportation and handling	5	200
Totals	21	745

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	12	115
Customs clearance and technical control	3	35
Ports and terminal handling	3	400
Inland transportation and handling	4	200
Totals	22	750

Export

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs export declaration

Packing list

Technical standard/health certificate

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration

Customs transit document

Packing list

Technical standard/health certificate

Terminal handling receipts

Enforcing Contracts in Albania

This topic looks at the efficiency of contract enforcement in Albania.

Nature of Procedure (2007)	Indicator
Procedures (number)	39.00
Duration (days)	390.00
Filing and service	30.0
Trial and judgment	180.0
Enforcement of judgment	180.0
Cost (% of claim)*	31.80
Attorney cost (% of claim)	21.6
Court cost (% of claim)	1.0
Enforcement Cost (% of claim)	9.2

Court information: Tirana District Court ("Gjykata e Rrethit Gjyqesor Tirane")

www.gjykatatirana.gov.al

* Claim assumed to be equivalent to 200% of income per capita.