

Albania Buyer's Guide 2015



About Albania

The territories of present day Albania have been inhabited as early back as 100.000 years ago. It was at the turn of the third millennium BC that an Indo - European population settled there. As the result of the mixture, a population incorporating the unique cultural and linguistic characteristics of the whole Balkan Peninsula (peoples) was created.

Based on this ancient population, the Illyrian people developed through the second millennium and the first century B.C. After its fall in the year 168 B.C. Illyrian Kingdom came under the control of Roman Empire. With the division of the Roman Empire (395 A.D), Illyria became a part of the Byzantine Empire.

The country has suffered continuous invasions over the last 1000 years and by the end of the 14th century Albania was occupied by the Ottoman Empire. Albanians fought successfully Ottomans during 1443-1468 under the legendary leader Gjergj Kastrioti Scanderbeg. Ottoman Empire was stopped by Albanians who saved Europe from the invasion.

The subsequent efforts and insurrections for independence eventually brought about the proclamation of the independence of Albania in 1912. After 1912 till the end of the First World War, the country was attacked by neighboring countries.

After eleven years of monarchy the country was occupied by Mussolini forces in 1939, putting the end of monarchy. In 1943 the armies of Hitler occupies the country. Albanians are well remembered for providing shelter to Jews during the war. Albania was a safe haven for Jews from neighboring Yugoslavia and Greece.

The Communist party took power in November 1944, when the foreign armies were expelled. Shortly thereafter, a totalitarian regime was established under the communist leader Enver Hoxha. For about 50 years, the regime applied the policy of poverty until Albania finally emerged from isolation in 1991.

General info

- Population: 3.1 M
- Capital: Tirana
- Size: 28,748 km²
- Currency: Lek (ALL)
- Time zone: GMT +01:00
- Parliamentary Democracy



Albania is a member of the United Nations, NATO, the Organization for Security and Cooperation in Europe, the Council of Europe, the World Trade Organization, the Organization of Islamic Conference and one of the founding members of the Union for the Mediterranean.

On April 28, 2009, the country has officially applied for EU membership.

Taxes in Albania

General information

- Income tax on rent received: 10%
- Capital gains tax: 10%
- VAT on property transactions: Not applicable
- Double tax avoidance applied with many countries.

Taxes on Property Transactions

- Transfer Taxes:
Capital gains tax at a rate of 10% is payable for resale properties.
- VAT :
The supply of land, buildings and their letting is excluded from VAT.
- Title Deed Tax:
For new-build residential properties, property registration tax is payable at a rate of 6 Euro/Sqm.
- Municipality Registration Tax 2 - 7 Euro/spm
- Withholding Tax: Not applicable



Income Tax

Albanian law does not differentiate between residents and non-residents. Rental income is taxed at 10% of gross rental income.

Annual Municipal Tax

The tax on buildings depends on the region where the real estate is located and varies from 0.5 to 3 EURO per square meter.

The tax on buildings will be doubled for any second or subsequent residential real-estate property owned by individuals.

Property Ownership in Albania

- Property taxes are levied by the municipal authorities in Albania following the principle that revenue from real estate is taxed in the jurisdiction where the property is located.
- Any person who lives in Albania more than 183 days over a period of 365 days, it does not matter if the stay is consecutive or not, is considered a resident.



Property Purchase Cost

Legal Information

Taxes

- Income Tax - Payable at 10% of the gained income, ie the 10% of the difference between the sale value and purchase price.

VAT (Value Added Tax): Not applicable

- Immovable Property Registration Office Tax
 - Purchase registration fee is approximately 27 Euro
 - Obtaining a certificate (title deed tax) cost 6 Euro.
- Municipality Registration Tax 2 - 7 Euro/spm

Legal Fees

- Notary Fee

These are fixed by the law and operate on a sliding scale. This amount will be approximately 0.35% to 0.23% (depending on the amount of the transaction - the higher the price the lower the percentage) of the purchase price and is paid by the buyer. (Remember to add 20 % VAT on this amount and Stamp Fees approx 8 Euro).

- from 714 Euro up to 43000 Euro - 0.35 %
- from 43000 Euro up to 107000 Euro - 0.3 %
- from 107000 Euro up to 357000 Euro - 0.28 %
- from 357000 Euro up to 714000 Euro - 0.25 %
- over 714000 Euro - 0.23 %
- Additional Legal Representation

Depending on the complexity of the contract, lawyer's fee will come around 300 Euro to 750 Euro.

Who can buy in Albania

There are no special restrictions for foreigners owning property in Albania. The agriculture land is prohibited to be bought by foreigners unless they establish a company as domestic entity in Albanian.

Also take in consideration that in some areas, there are also limitations aimed at protecting the environment, cultural heritage or setting land aside for military use. Additionally, there are various restrictions under family law and matrimonial property regime.

Forms of ownership

You can own property in Albania as a sole owner or as a co-owner.

It is possible to set up a limited company (Sh.p.k) or a public one (Sh.a) in Albania and this company can buy or own real estate as company property investments.

Types of Tenure

All property in Albania is bought on a freehold basis. Albania also has the concept of Condominium which is defined as property in a building where privately owned and communally owned elements exist side by side.

The rules determining the ownership rights of the communal elements are normally drawn up by Albanian Civil Code.

Important Considerations

Even though Albania is a safe place to buy property with well-established property laws, you should treat property deals with a Lawyer and an experienced real - estate agent.



Organizing legal representation

There are two legal professionals you should deal with:

- Public Notary
- A reputable English- Speaking Albanian Solicitor (Avokat)

Important things to check include:

- The plan of the land at the Immovable Property Registration Office and the plan of the building which should be included with the property details.
- The land boundaries and whether there are any constructions work planned on the land neighboring the property.

Negotiating an Undertaking Contract or a Pre-sale Contract

Before negotiating an Undertaking or Pre-Sale Contract you should review with a Lawyer the property documents, as well as the content of any proposed Agreement.

Undertaking or Pre-Sale Contracts are commonly used in Albania especially for new buildings and properties under constructions.

They are formal agreements where the Developer commits to construct within a reasonable time a building with technical specifications and price set between parties, and the Buyer commits to pay the building/apartment price.

The signing of these contracts doesn't transfer the property ownership title from Developer to Buyer. The Developer shall be the owner of the building till the moment he sign the Purchase Contract

Still the developer is prohibited to deliver and convey the ownership title to any other person other than the Buyer. There are strict penalties if one of the parties doesn't fulfill the terms set in contract.

Legal Investigations

You should now instruct your lawyer to carry out essential legal checks on the property to start the purchase process. He will need to confirm that the vendor actually owns the property and has legal authority to sell it by checking the Immovable Property Card/ File issued by the Vendor.

In this document is detailed the property title, ownership property transactions made during years, any charges or mortgages that exist on the property. The Lawyer will also ensure that there are no outstanding taxes or utility bills to be paid.

Preparation of the Final Purchase Contract

Once all the necessary legal checks have been completed by a Lawyer, you are ready to draft the Purchase Contract.

This contract can be drafted by a Notary Public or a lawyer considering your best interest. Before drafting the act, you should ask the Notary Public to verify property ownership and legal status in an online property register, and attach the results of verification within the contract.

Even if you review or draft the contract with a Lawyer, you should sign and seal it before a Public Notary.

Durres

Albania's oldest city

Durres is an ancient city, founded in 627 B.C. and known by the names Epidamnos and later on Dyrrachium. Durres is the second largest city of Albania with a population of 150,000 inhabitants which gets almost doubled during the summer!

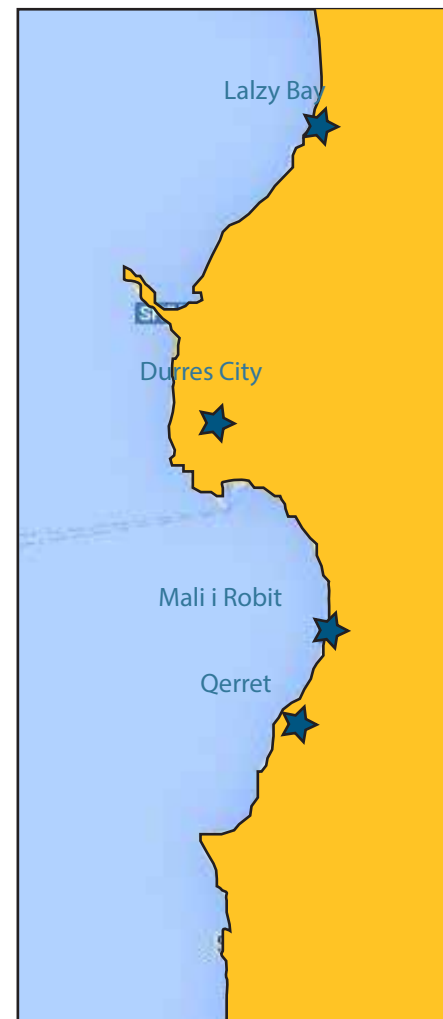
Durres is the largest beach and sea destination in Albania. With a coast of 6 km long and 150 –180 meters wide, only 30 km from Tirana. International Airport and 39 km far from the capital Tirana. Along the seaside there are tourist establishments which provide adequate services.

The most important archaeological site is the Amphitheatre, the largest in the Balkan Peninsula, built in the 2nd century B.C. with a capacity of 15 - 20 thousand spectators and containing an early Christian Crypt with rare wall mosaics. Worth visiting is also the fortress of Durres of the early Middle Age, V –VI Centuries.

It is the biggest seaport and the main railway connection center. Located in the vicinity of international Airport of Rinas and the capital, Durres maintains regular connections with Italian ports



Best Locations



Price range

■ 600 Euro/sqm - 1000 Euro/sqm

Type of Properties:

- Apartments
- Villas
- Houses

New constructions and secondary market



Vlora

Miles of white beaches

Vlora coast is situated in the southwestern part of Albania, exactly where the Adriatic and Ionian seas meet. Vlora, through the Otranto Channel, is the nearest point of Albania to Italy (72km).

It is 135 km far from Tirana and 123km from Greece. Along the Vlora coastline you will find outstanding white beaches and stunning surroundings.

There are plenty of beautiful beaches in places like the natural Park of Llogara, Dhermi, Palasa, Himare and Cold Water (famous for its rich clientele and natural water resources).

Vlora averages 274 days of sunshine in a year.

One of the most panoramic routes of the Albanian Riviera starts to the south of town stretching up to Sarande in extreme southern Albania.

Because of the development of tourism in recent years, nightclubs, restaurants and bars have sprung up, especially in the area of 'Cold Water' (Uji i Ftohte), around 3 km distant from the center of the city.



Best Locations



Price range

■ 500 Euro/sqm - 1400 Euro/sqm

Type of Properties:

- Apartments
- Old houses
- Villas

New constructions and secondary market



Saranda



The Pearl of the South

Saranda, the gateway to the southern Albania, is a small town located between high mountain and the Ionian Sea.

The name Saranda derives from an early Christian monastery dedicated to Santi Quaranta (Forty Saints).

Located on the shores of Ionian sea, in front of Greek island of Corfu, Saranda is characterized by a Mediterranean climate and warm sea waters.

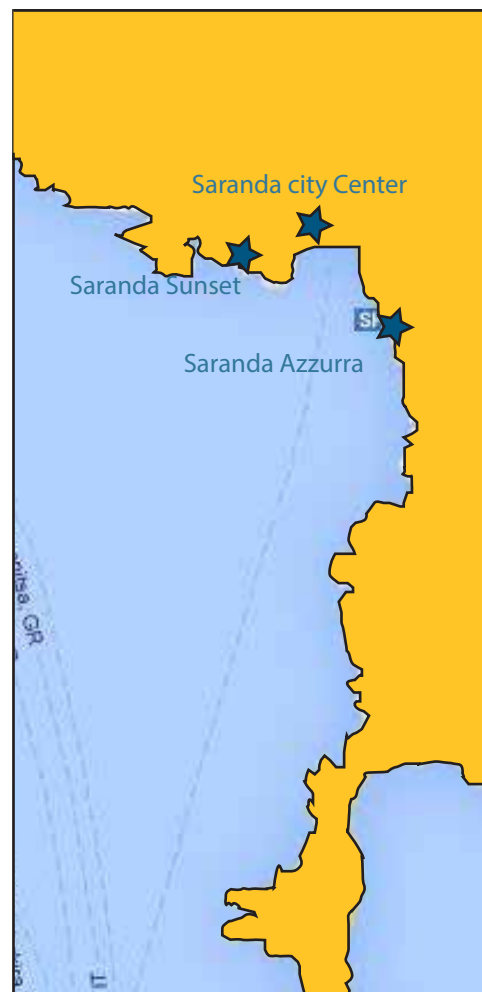
Due to its location and warm weather Saranda is one of the most attractive tourist town in Albanian Riviera, where honeymooners traditionally spend their holidays.

Located in front of the sea and along the main promenade there are some hotels and restaurants which offer you catering facilities and accommodation.

Daily ferryboat links Saranda with the nearby Greek island of Corfu.



Best Locations



Price range

- 650 Euro/sqm - 1000 Euro/sqm

Type of Properties:

- Apartments

New constructions and secondary market



Our Services

Furniture package

We now offer a furnishing service to property owners and developers, using local Albanian furniture companies. We can provide individual items of furniture, or furniture for complete apartment(s).

Property Management

Albania Property Group provides full Property Management Services to owners of single family homes, individual and multi-family apartments.

Albania Property Group gives each property individualized attention during every phase of management. Our company agrees to look after the property, to maintain, to repair the property and to hire and supervise all employees and other needed labor, for a monthly fee of 40-50 Euro.

Maintenance Services offered

- One complete cleaning of apartment/month.
- Collecting & Paying utility bills and yearly taxes.
- Check all contents based on an inventory, in the case that apartment is rented.
- Test the appliances and electrical equipment.
- Examination of all furniture and furnishings for wear and tear.
- Check of all sanitary equipment and plumbing.
- Prepare and send a monthly report.

Guided Tours

Rent-a-Car service & transfer

Property rental services

Once you have committed to our rental management plan, we then take photos of your property and upload them on our rental website www.RentInAlbania.com as well as the other international portals with which we cooperate. We cover all aspects of supervising the rental agreement.

Due to our position in the holiday rental market, we have an exclusive partnership with Novasol, a Danish company which since 42 years ago provides holiday properties for rent to Northern European clients. Novasol portfolio includes over 35,000 properties across 27 countries. Over 3 million clients rent from Novasol every year.

Property tours

Many of our clients have never been to Albania and want to visit to get a feel for the country, the coastline, cities, its topography, and the various areas for potential investment. We highly recommend that you come and take one of our "Albania Property Group Tours".

The property tour is a "rolling mini-seminar" through most key areas of the country – from Tirana, Durrës and then down south to Vlorë, Dhermi, Palasë, Himarë and Sarandë.

Our professional people have deep knowledge about property issues, property management, maintenance expenses, and other issues specifically relevant to owning investment property.

We believe in educating our clients, not applying high pressure sales tactics.



For further details on how we can supply you with more information on outstanding investment opportunities, please contact us:

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