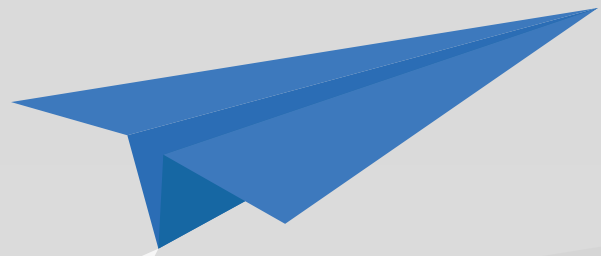




Toolkit

Start  UP



Start-up Toolkit

Incorporation, registration, and economic activity in line with the effective legal framework and main principles of business integrity

DISCLAIMER:

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Foreword

Dear entrepreneur (to be),

You have made the decision – or are at least contemplating - to avail yourself of the myriad of opportunities that Albania offers for those seeking to establish and grow their businesses. Congratulations!

Navigating the legal and regulatory requirements might seem like a large hurdle at first. Fear not – there are plenty of resources to help guide you through this essential process; including this Start-Up Toolkit. It is crucial for young entrepreneurs to have access to reliable and up-to-date information on the legal framework that governs the economy and so we wanted to make sure you do!

The fundamental principles of business are integrity, transparency and free and fair competition. We are happy to present the Start-up Toolkit as your comprehensive guide, meticulously crafted by a team of legal, business and regulatory compliance experts. With the toolkit at your disposal, you can navigate legal complexities, upholding the highest standards of integrity and ethics and making informed decisions.

While the start-up journey is filled with challenges and uncertainties, the rewards can be transformative, with the potential to revolutionize industries, to drive economic growth and to shape the future of business. As you embark on your personal business path within the dynamic business environment of Albania, I hope this guide inspires and empowers you to start businesses that not only achieve success, but also contribute positively to the joint economic and social fabric in the country.

I wish you the greatest success in your endeavours,



Clarisse Pasztory

Acting Head, OSCE Presence in Albania

This toolkit was drafted in the framework of the "Young Developers and Entrepreneurs Advancing Start-ups" (YDE-AS II) extrabudgetary project, implemented by the Office of the Co-ordinator of OSCE Economic and Environmental Activities and supported by the Governments of Italy, Germany and Poland. In support of the continuous efforts for education and incubation, the project aims to enhance the opportunities for developing skills and creating jobs, improving employment conditions for the youth and women, while promoting a favourable environment for young entrepreneurs, innovation, social impact and green economy start-ups.

Definitions

Articles of Incorporation

The Articles of Incorporation represent the agreement reached between the founders on the establishment of a company.

Statute

The act through which the partners/shareholders of a commercial company stipulate all regulations on their rights and obligations, steering structure, decision-making, and responsibilities grounded on the law.

Commercial Register

For the purpose of Law No. 9723, dated 03.05.2007 "On Business Registration", as amended, the register is a unique database that is divided into specific electronic files for each entity that bears the obligation to register as per the applicable law. The Commercial Register is a public register and can be accessed by all interested parties.

According to the provisions of Law No. 9723, dated 03.05.2007 "On Business Registration", as amended, any data that is recorded and published in the commercial register is deemed to be known information and applies to third parties from the date of publication.

General Assembly

The structure where the quota/share owners of the commercial company gather and take decisions.

Administrator

The person that steers, manages, and administers the commercial company.

E-Albania

E-Albania is the governmental portal that contains public services provided by physical offices and windows of institutions delivered electronically via the Governmental Interaction Platform that links systems of different institutions with each other.

Law on Merchants and Commercial Companies

Means Law No. 9901, dated 14.04.2008 "On merchants and commercial companies", as amended.

Law on NBC

Means Law No. 131/2015 "On the National Business Centre".

Law on Business Registration

Means Law No. 9723, dated 03.05.2007 "On Business Registration", as amended.

Law on UBO

Means Law No. 112/2020, "On the registration of beneficiary owners", as amended.

Law on Income Tax

Means Law No. 29/2023 "On income tax", as amended.

Law on Tax Procedures

Means Law No. 9920, dated 19.05.2008 "On tax procedures in the Republic of Albania", as amended.

Law on Prevention of Money Laundering and Funding of Terrorism	Means Law No. 9917, dated 19.05.2008 "On prevention of money laundering and funding of terrorism", as amended.
Law on Whistleblowing and Protection of Whistle-blowers	Means Law No. 60/2016 "On whistleblowing and protection of whistle-blowers", as amended.
Law on Start-ups	Means Law No. 25/2022 "On support and development of start-ups", as amended
Civil Code	Means the Civil Code of the Republic of Albania
Labour Code	Means the Labour Code of the Republic of Albania
Law on Safety and Health in the Workplace	Means Law No. 10237, dated 18.02.2010, "On safety and health in the workplace", as amended.
Law on Personal Data Protection	Means Law No. 9887, dated 10.03.2008 "On Personal data protection", as amended
Law on industrial ownership	Means Law No. 9947, dated 07.07.2008 "On industrial ownership", as amended.
Criminal Code	Means Law No. 7895, dated 27.1.1995 "Criminal Code of the Republic of Albania", as amended
Law on Protection from Discrimination	Means Law No. 10 221, dated 4.2.2010 "On Protection from Discrimination", as amended
Law on Gender Equality	Means Law No. 9970, dated 24.07.2008 "On Gender Equality in Albania"
Law on Employment Promotion	Means Law No. 15/2017, dated 13.03.2019 "On Employment Promotion", as amended

Acronyms

GDT General Directorate of Taxation

GDLTT General Directorate of Local Taxes and Tariffs

GDIO General Directorate of Industrial Ownership

CRIPDP Commissioner on the Right to Information and Personal Data Protection

NUIS Unique identification number of an entity

NPO Not-for-profit Organization

NBC National Business Centre

JSC Joint Stock Company

LTD Limited Company

UBO Beneficiary Owner

Introduction

The rapid technological advancement the world is experiencing is increasingly having an impact in employment, especially in vulnerable contexts that may be less equipped to adapt to a fast-paced economic environment. The OSCE Commitments in the Economic and Environmental Dimension (EED) call for furthering skills, qualitative education and lifelong learning, sustainable and innovative business models and equal labour conditions, so to limit the potential impact of digitalisation in the labour markets and to support the economic empowerment of individuals, especially of women and youth. In line with said commitments and in support of the continuous efforts for education and incubation, the “Young Developers and Entrepreneurs to Advance Start-ups” (YDEAS II) project is aimed at enhancing the opportunities for building skills and creating jobs, improving employment conditions for the youth and women, and promoting a favourable environment for young entrepreneurs, innovation, social impact and green start-ups.

The first steps a start-up makes are decisive also for the future progress of the business. Start-ups in Albania face continuous obstacles when it comes to getting necessary and comprehensive information from appropriate and updated sources about the main aspects to be taken into account when incorporating and registering a business, which may have a considerable impact also in the future of the commercial activity.

The OSCE Presence in Albania, in co-operation with Deloitte Legal LTD, has compiled this brief Toolkit containing the main criteria of the applicable legislation on the incorporation, registration, and the first business steps of a start-up in Albania. This document is not intended to provide legal or fiscal advice about a business’ compliance with the criteria of the applicable legislation. The purpose of this concise Toolkit is to present basic legal information in a structured manner and to point at the official sources where general and detailed information may be found as per the needs of each start-up.

Another added value of this Toolkit is its focus in the legal and financial compliance which has to be ensured for this new business model as well as the inclusion of a specific section on the main principles of integrity activity, respecting the ethical standards and best local and international practices.

Businesses face new challenges on daily basis. The lack of integrity, informality, and corruption continue to be widespread social phenomena in the Albanian context which have a negative impact in the public and private sectors. The application of fair competition practices and the embrace of high ethical standards are more and more becoming key principles for all business. One of the factors which calls for added focus to the aspects of business integrity and ethics is the widespread use of information and communication technology systems (ICT) for operational and business purposes, resulting in issues and challenges when it comes to consumer protection, personal data, etc.

Efforts for a good economic governance and business climate have been materialised in a complexity of norms, such as strategies, laws, and other acts, the implementation of which is not always easy in practice. On the other hand, the self-regulation mechanisms and the legal compliance control system face their own challenges in Albania; this is more visible for micro and small businesses. In this framework, in order to sensitise start-ups in Albania on the requirements of the applicable legislation, the last section of this document contains a series of questions and answers about the most common practical cases of businesses not fulfilling their legal obligations. It is worth noting that the Toolkit is not intended to cover specific aspects of business compliance with the relevant sector legislation, but simply to list and guide start-ups about the legal and regulatory framework applicable for all industries and sectors.



Toolkit

This Toolkit is a practical document designed to provide general information of a legal nature to new entrepreneurs (start-ups). The Toolkit is aimed at providing necessary information about the first step of incorporation and registration of a business, as well as about the further development of the company as per the best local and international standards.

However, the information contained herein may be used also by new entrepreneurs or by already incorporated businesses that exercise their activity in accordance with the effective Albanian legal framework.

The Toolkit is structured as follows:

Chapter I contains a comprehensive summary of the most important information pertaining to the necessary steps to be followed for the incorporation, registration, and organization of a start-up, in compliance with all requirements of the applicable legislation in Albania.

Chapter II contains the main legal obligations for a start-up during their commercial activity, including information on employment and personal data protection.

Chapter III contains basic information about intellectual property rights as well as about the benefits of registering the start-up trademark.

Chapter IV is focused in addressing some non-exhaustive obligations about the integrity and ethical commercial activity of a start-up, including obligations related to money laundering and terrorism funding prevention, avoidance of conflict of interest, whistleblowing and protection of whistle-blowers, as well as other aspects of exercising activity with integrity.

Chapter V is designed as “frequent questions” of start-ups during incorporation, registration, and first steps of their commercial activity, and is aimed at presenting a concrete overview of legal and regulatory issues businesses in Albania may encounter.

The Toolkit provides links to official webpages of institutions where readers can find more specific information as per their needs, and also contains the main web addresses containing updated legal acts as referred in the relevant sections of the document.

Please bear in mind that this Toolkit is not intended to replace the legal basis applicable in Albania. Some practices or descriptions may change on a case-by-case basis depending on the type of activity exercised by a start-up or by other circumstances. Eventually, Deloitte Legal recommends consulting a legal or fiscal professional, for the purpose of adequate advices in line with the specifics of a start-up's activity.

Moreover, this Toolkit was drafted in accordance with Albanian legislation applicable until the 28 February 2024, and not beyond that date.

CHAPTER I: ESTABLISHING A START-UP

1. Start-ups in Albania

1.1 What is a Start-up according to the Law on Start-ups?

The Law on Start-ups determines that the term “start-up” implies any individual, natural or juridical persons, including digital nomads, who intend to establish a **unique business model**, product or service and/or innovative technologies that are **applicable in practice**, for the purpose of considerable improvement of business models, existing products and services, and who has **potential for fast growth**.

The definition provided by the Law “On Start-ups requires the fulfilment of the following characteristics and criteria so that a business can be classified as a start-up for the purpose of this law:

Organizational / structural criteria

“individuals and natural or juridical persons registered in the commercial register of the Republic of Albania”

Objective criteria of the activity

“have been conceived, created, and act for the purpose of starting the application and development of a business model, special innovative and/or technological product or service, with a fast growth potential, applicable in practice, for the purpose of considerable improvement of business models and existing products and services.”

Purpose of the Law on Start-ups

The Law on Start-ups is aimed at establishing and developing start-ups and the auxiliary ecosystem as a motor of innovation and economic development, promoting research, fulfilment and use of innovative ideas as well as new model products and processes. The Council of Ministers has approved several decisions for the purpose of the Law on Start-ups.

1.2 How to acquire the status of a start-up under the Law on Start-ups

The Start-up status can be received upon filling in the self-declaration form in the start-up electronic register and is valid for up to 24 months from self-declaration. A unique number and the Start-up passport are immediately generated following registration.

1.3 Accessing the electronic register of start-ups

- The Start-up electronic register may be accessed through the e-Albania portal, in the following link: https://e-albania.al/eAlbaniaServices/UseService.aspx?service_code=14900.
- The user manual can be consulted in the following link: https://e-albania.al/eAlbaniaServices/MS/14900/Manual_Pasaporta_Startup.pdf

1.4 Advantages of registering as a start-up

The Law on “Start-ups”, stipulates some facilitations as follows:

a. The paperless and zero-tariff principle

Ministries or other public institutions will offer assistance for start-ups on the grounds of the “paperless and zero-tariff” principle. The services to be provided tariff-free are determined by the Council of Ministers.

b. The start-up one-stop-shop service

The Minister of State on Entrepreneurship and Business Climate, in co-operation with other authorities, provide the start-up one-stop-shop service, which includes:

- (i) information on the effective regulatory framework, on the obligation to register in the commercial register and fiscal or other obligations applicable for start-ups after the incubation period, which means the processes of support, preparation, transformation of an idea into a business model and development of a start-up in its initial stage;
- (ii) consultation on the protection of civil and commercial rights, as well as registration and protection of intellectual property rights;
- (iii) organization of informational activities for interested start-ups;
- (iv) other services determined by Decision of the Council of Ministers.

The one-stop-shop online service may be accessed in the following link:

<https://www.sipermarrja.gov.al/one-stop-shop/>

1.5 Did you know there are several types of support for start-ups?

The Law on Start-ups stipulates the following types of support for start-ups:

- ☐ "start-up one-stop-shop" service to support start-ups;
- ☐ development of a supporting ecosystem for start-ups;
- ☐ financial grants or other supporting measures for start-up development, from which all start-ups registered and equipped with the start-up passport can benefit, in accordance with point 1.2 and 1.3 above. Calls for grants can be found, inter alia, in the webpage of the Minister of State for Entrepreneurship and Business Climate, in the following link.
- ☐ other support and facilitation methods developed in co-operation with third parties, as determined by the Council of Ministers.

In order to learn more details on the provisions of the Law on Start-ups, please see the following [link](#).

Profit tax of businesses that exercise economic activity related to software production and development

Moreover, until 31 December 2025, a profit tax at the level of 5% will apply for juridical persons who exercise economic activity related to software production and development, in line with the provisions of the Law on the Income Tax.

2. Types of legal organization of a start-up

In Albania, the commercial activity of a startup can be organized as a commercial legal entity or in one of the business entity forms provided by the Law on Traders and Commercial Companies, depending on the complexity of the economic activity the startup will undertake.

Example:

Example: In the event you wish to exercise your commercial activity as a freelancer, you can also do that by registering as a commercial natural person. In the event you will sell a product or provide services in co-operation with several partners, or when a more detailed structural organization is required, then organization as commercial company is advisable (the type of adequate organization is to be decided on a case-by-case basis).

2.1 What is a commercial legal entity?

In accordance with the Law on Merchants and Commercial Companies, a merchant is a natural person in the context of the Civil Code, which exercises independent economic activity that requires a general commercial organization.

2.2 What are the main responsibilities of a commercial legal entity?

- to register in compliance with the provisions of the Law on Business Registration;
- merchants are personally accountable, with all their current and future assets, including movable and immovable assets, industrial and intellectual properties, loans to third parties and any other right or asset, the value of which can be expressed monetarily;
- merchants are obliged to follow **the principles of professional fairness**, applicable in the commercial environment where they operate.

3. Commercial Companies

Commercial companies are incorporated by two or more natural and/or juridical persons, who agree on the achievement of joint economic objectives, contributing to the company as per the provisions of its statute. Their establishment is regulated by the Law on Merchants and Commercial Companies.

The Albanian law regulates the following types of commercial companies:

- **Collective companies,**
- **Limited partnership,**
- **Limited Companies (LTD),**
- **Joint-Stock Companies (JSC),**

All these companies have the obligation to register in the Commercial Register with the National Business Centre (NBC).

3.1 What is the most recommended form for establishing a startup?

The organizational forms commonly found in Albania are commercial legal entities, limited liability company and joint stock company when the economic activity is more complex (less frequently recommended).



The most widespread types of company organization in Albania are LTD and JSC of a closed nature, due to the limitation of partner's liability.



JSC is a rarer type of organization due to the strict rules about the capital, governance, and decision-making.



Depending on the economic activity, the type of commercial organization is often determined by the applicable legislation.

Business can be conducted in the form of branches of foreign companies. Branches are business structures with the same juridical personality of the (mother) company.

While representation offices are business structures with the same juridical personality of the company – just as branches – but they cannot generate income and only promote the business of the mother company.

4. Establishing and Registering a Business

4.1 What are the steps of establishing and registering a start-up?

1
INCORPORATION OF A START-UP
(DRAFTING THE GOVERNANCE ACTS IN
THE EVENT OF A JURIDICAL PERSON)

2
REGISTRATION IN THE ALBANIAN
COMMERCIAL REGISTER AND
IDENTIFICATION OF UBO

3
LICENCING (IF APPLIED),
FULFILMENT OF FISCAL
OBLIGATIONS

How can I incorporate a commercial company?

With all founding partners/shareholders signing an incorporation act and the company's statute. Depending on the partners and/or organization of the juridical person, other documents may be needed.

How can I register a commercial company?

- ☐ Registration is performed online via the electronic window with the [e-Albania](#) unique governmental portal, by starting and registering a business account.
- ☐ Applicants fill the form electronically and upload supporting documents in electronic format.
- ☐ Essential documents (regardless of the type of the company) are:
 - a. Incorporation decision,
 - b. Acts of Incorporation /statute.
- ☐ For more details¹ about procedures and actions relevant to business registration, please visit the following link.

How can I register the beneficiary owner (UBO)?

- ☐ The online application for the registration of UBO by entities that are newly registered with the NBC is performed simultaneously with the application for the registration of the company via the [e-Albania](#) governmental portal.
- ☐ In order to submit valid applications, reporting subjects must be equipped with an [electronic signature](#).
- ☐ The necessary documentation for the purpose of the UBO identification is examined on a case-by-case basis depending on the company's organizational structure.

How can I register as a natural/commercial person?

Registration is performed *online* via the electronic window with the [e-Albania](#) unique governmental portal by starting and registering a natural person account. No documentation is required except for filling in the relevant form in the portal. The application is performed by visiting the following [link](#).

¹ This Toolkit provides for the main procedures. Documentation required may change depending on the type of organization of the commercial juridical person.

How can I register in order to get the "start-up status?"

- ❑ The start-up electronic register can be accessed via the e-Albania portal in the following link: https://e-albania.al/eAlbaniaServices/UseService.aspx?service_code=14900.
- ❑ The user manual can be consulted in the following link: https://e-albania.al/eAlbaniaServices/MS/14900/Manual_Pasaporta_Startup.pdf

When and how should I license my company?²

Licensing is performed in the event the economic activity falls under one of the categories for which licensing is required, as determined on a case-by-case basis by the applicable legislation. For more information about permits and licenses that may be required, please visit the following link: <https://qkb.gov.al/informacion-mbi-procedur%C3%ABn/regjistri-i-licencave-autorizimeve-dhe-lejeve/informacion-mbi-licensat-autorizimet-dhe-lejet/>

4.2 Obligation to disclose the Ultimate Beneficiary Owner (UBO)

The Law on UBOs determines the obligation of every commercial company and branch to adequately identify and register the UBO of the newly-created juridical entity with the Albanian authorities.

The law defines the UBO as an individual that ultimately owns or controls a juridical person through direct or indirect ownership of 25% of quota/shares, through voting rights, or through ownership interests in that entity, or through control via other means.

Why is it important to identify and register the UBO?

The identification of the UBO is essential to the transparency and integrity of a business relation. The identification of the UBO helps in preventing money laundering, fraud, and other illegal activities, ensuring the identification of the real owners of a company and their liability for their actions.

For this purpose, the Law on UBO stipulates the identification and registration of the UBO as an obligation for every commercial company.

The online application for the registration of UBO by entities that are newly registered with the NBC is performed simultaneously with the application for the registration of the company via the e-Albania governmental portal.

In order to submit valid applications, reporting entities must be equipped with an electronic signature.

The necessary documentation for the purpose of the UBO identification is examined on a case-by-case basis depending on the company's organizational structure.

4.3 Necessary registrations with the tax authorities

Registration in NBC simultaneously serves as registration in taxation structures, social and health insurance schemes, in labour inspectorates, and in customs bodies. NBC determines the NUIS and equips entities with the Registration Certificate, both for the main address, as well as secondary ones.

According to the Law on Tax Procedures, new taxpayers are obliged to open the business bank account no later than 20 calendar days from the next day of registration with the National Business Centre/Tax Administration and declare it to the Tax Administration. In the event of failure to fulfil this obligation, the law stipulates sanctions for said taxpayers.

Moreover, each taxpaying entity has the legal obligation to register for the payment of local taxes in line with the requirements of the applicable legislation.

² Specific sector cases, such as financial institutions, etc., are not included here.

Chapter II: Consistent Compliance with Legal Obligations

1. Ensuring compliance with the applicable legal framework

Compliance with the applicable legal framework requires continuous efforts and constant attention to the amendments and updates of the regulatory framework in order to avoid penalties.

Compliance with the legal obligations not only ensures the integrity of the commercial activity, but also helps start-ups avoid sanctions and possible legal suits, as well as preventing damages to the reputation, market credibility, eligibility for grant awards, etc.

All topics tackled in this toolkit are essential obligations to be met by start-ups in order to exercise their activity with integrity and in accordance with the relevant legal framework.

2. Employment Issues

2.1 Why is knowledge of the employment legislation necessary?

The main legal basis on labour relations in the Republic of Albania is Law no. 7961 dated 12.07.1995, "Labour Code of the Republic of Albania" as amended ("Labour Code"), and its implementing by-laws. However, specific features of employment are subject to regulation by special laws, such as foreigners' employment, whistle-blowers' protection, health and safety at work, etc.

Knowledge of the labour legislation is a pre-requisite for the good functioning of a start-up as it ensures observance of the legal obligations and compliance of its activity with the integrity principles.

Fair treatment of employees: Labour legislation in the Republic of Albania protects the employees as the weaker party in the employment relationship, enshrining a number of obligations for the employer to meet in order to guarantee the fair treatment of employees.

Treating employees fairly and equally is a manifestation of integrity in the workplace.

Information needed to protect interests: Integrity is about honest and open communication. Having knowledge of the labour legislation means understanding the rights and duties of both the employer and the employee (Labour legislation requires employers to provide accurate and complete information to employees about their rights, benefits and work conditions).

Avoiding sanctions and complying with the provisions of the employment contract: The employment contract is the essential element of the employment relationship. Complying with labour contract provisions, but also with the rest of the applicable legislation, demonstrates integrity on the part of employers, while serving to protect the company from fines and other penalties, as well as any compensations granted to employees by court rulings.

Upholding such principles, included but not limited to the above, makes sure employees are treated fairly and without prejudice, while contributing to an integrity-based workplace culture. Essentially, labour legislation provides a framework for fair treatment and ethical behaviour within the workplace.

2.2. What should a start-up consider in the recruitment process?

As the starting point of the (potential) employment relationship, recruitment is a very important aspect of the process. The Labour Code does not make specific provisions regarding the recruitment process; however, despite the lack of detailed and clear rules, some aspects of the recruitment process are protected by both the Labour Code and special laws.

Below are some aspects that should be taken into account in order for the recruitment process to be carried out successfully and with integrity.

Realistic job descriptions: Integrity in recruitment starts with crafting accurate job descriptions. An accurate job description gives potential candidates a clear understanding of what is expected, contributing to mutual trust from the very beginning.

Fair and non-discriminatory recruitment practices: Maintaining fairness throughout the recruitment process is a key aspect of integrity. This includes equal opportunities for all candidates, impartial decision-making and adherence to anti-discrimination laws and the provisions of the Labour Code that provide protection against discrimination.

Transparent communication: Keeping candidates informed about the recruitment process, relevant timelines and application status contributes to a transparent and sustainable relationship.

Maintaining confidentiality and protecting personal data: Respecting the confidentiality of candidates is an essential aspect of integrity. Handling personal information in accordance with applicable legislation and obtaining consent for the purpose of necessary background checks demonstrates commitment to developing ethical recruitment practices.

Consistent evaluation: The start-up, as an employer committed to compliance with integrity rules in the recruitment process, must show consistency in evaluating candidates based on merit, skills and qualifications, avoiding favouritism or bias in the selection process.

Ethical treatment of departing employees: In cases where recruitment involves replacing an existing employee, integrity is about treating the departing employee respectfully and ethically, avoiding any unfair practices through the proper implementation of the relevant legal provisions on the termination of labour relations.

2.3. Making an employment contract

The employment contract is an agreement between the employee and the employer, which regulates the employment relationship by laying forth the rights and obligations of the parties. In the employment contract, the employee undertakes to offer their work or service for a specified or indefinite period of time, subject to the organization's arrangements and orders of another person, called the employer, who undertakes to remunerate the employee.

The employment contract is considered to be conclusive when the employee agrees to perform a job or service, for a definite or indefinite period of time, within the framework of the organization and according to the orders of the employer, subject exclusively to being remunerated. The employment contract must be in writing and signed at the beginning of the employment relationship; in exceptional circumstances, the employment contract may be concluded in writing within 7 (seven) days from the date of commencement of the employment relationship.

2.4. Did you know there are several types of employment contracts for employees?

- Fixed-term employment contracts should be applied only in exceptional cases and justified by objective reasons clearly demonstrating the need for a fixed-term contract.
- The permanent employment contract is the standard and most used form of contract.
- The full-time employment contract is a contract in which the employee is available to the employer on a full-time basis, usually for 8 working hours.
- The part-time work contract has a shorter working time than the full-time one.

2.5 The main binding elements in an employment contract in order to avoid sanctions by the labour inspectorate

The employment contract must contain at least the following elements:

- a) the identity of the parties;
- b) location;
- c) job description;
- d) date of commencement of work;
- e) the duration, in case of a fixed-term contract;
- f) number of paid holidays;
- g) notification timeline in case of contract termination;
- h) the components of the salary and day the payment is due;
- i) normal weekly working time;
- j) reference to the collective agreement in force;
- k) trial period;
- l) types and procedures of disciplinary measures, subject to the absence of a collective agreement.

2.6. Treating employees with integrity

Employee treatment with integrity encompasses a wide range of obligations and behavioral models on the part of the employer, as detailed in various sections of this manual. Equally significant are the obligations related to equal treatment, the prohibition of discrimination, and gender equality.

Did you know that Albanian legislation includes detailed provisions prohibiting discrimination in employment (and beyond)?

The Labour Code of the Republic of Albania defines **“discrimination”** as any distinction, exclusion, limitation, or preference based on gender, race, color, ethnicity, language, gender identity, sexual orientation, political, religious, or philosophical beliefs, economic, educational, or social status, pregnancy, parenthood, parental responsibilities, age, marital or family status, civil status, residence, health condition, genetic predispositions, disability, living with HIV/AIDS, union membership, or belonging to a specific group. Any action that has the purpose or effect of hindering or making it impossible to exercise the right to employment and profession equally with others is considered discrimination.

Discrimination is prohibited by law and subject to penalties!

There are exceptions to this principle. Distinctions, limitations, exclusions, or preferences based on a characteristic related to the aforementioned reasons are not considered discrimination if, due to the nature of the professional activities or the conditions under which the profession or activity is carried out, these characteristics constitute a genuine and necessary occupational requirement. This is provided the different treatment is justified and the requirement does not exceed what is necessary to achieve its purpose.

If an individual claims to have been affected by the violation of the principle of equal treatment in exercising the right to employment and profession under this Code, the complaint procedure outlined in the [special law on protection from discrimination](#) must be followed.

According to the [Law on Gender Equality](#), as an employer, you may establish gender quotas to increase the balance of representation of both genders in the workplace. To ensure equal representation in

employment relationships, during the recruitment, promotion, and professional skill development process, when candidates have equal results or levels, the employer should give preference to the less represented gender. This is not considered discrimination.

What are the obligations of a startup regarding the promotion of employment for specific categories of employees?

To ensure non-discrimination principles and provide employment opportunities for specific (disadvantaged) groups, the [Law on Employment Promotion](#) outlines several programs aimed at fostering employment for these groups.

Each company has the obligation to employ a proportional number of *“individuals with disabilities, including those with hearing impairments or partially able workers, as assessed by the relevant commissions”*, or to pay contributions to the Employment Social Fund if such employment is not feasible.

- Companies with up to 25 employees must employ at least one individual from a special group.
- Companies with more than 25 employees must hire one individual from these groups for every additional 50 employees.
- Employers who do not meet the required number of hires must pay a contribution to the Employment Social Fund equivalent to the national minimum wage per month for each person from special groups that should have been employed.

The payment of this contribution is made through the submission of monthly payroll lists, and the General Tax Directorate, as the Agent, will monitor these contributions.

Prohibition of moral and sexual harassment in the workplace!

Every startup must bear in mind that, as an employer, it must not only promote the prohibition of moral and sexual harassment of employees but also take measures and report violations (if they occur).

The Labour Code stipulates that the employer has the duty to respect and protect the personality of the employee in labor relations, as well as:

- a) take all necessary measures to ensure the mental and physical health and safety of employees;
- b) take all necessary measures to prevent moral harassment by the employer or other employees and display provisions regarding moral and sexual harassment and related penalties;
- c) prevent any behavior that undermines the dignity of the employee.

Sexual harassment is also extensively regulated by the [Criminal Code of the Republic of Albania](#), which states that engaging in conduct of a sexual nature that undermines a person's dignity, by any means or form, creating a threatening, hostile, degrading, humiliating, or offensive environment, constitutes a criminal offense punishable by imprisonment from one to five years.

2.7 Do you know what is considered overtime work?

The daily working duration refers to the effective working hours from 00:00 to 24:00 of the same day, excluding breaks. The normal daily working hours must not exceed 8 hours.

The weekly working duration refers to the hours worked from Monday at 00:00 to the following Sunday at 24:00. The normal weekly working hours must not exceed 40 hours.

Overtime is defined as any work performed beyond the normal daily or maximum weekly working hours.

! Employers may request overtime work but no more than 200 hours per year.

! Overtime cannot be requested if the employee has already worked 48 hours in a week.

2.8. Maternity leave and benefits:

The Labour Code adopts a clear and detailed approach to protecting the rights of pregnant women and new mothers in the workplace, aiming to support not only the health of the mother and child but also to promote employment equality and work-life balance.

Work is prohibited for pregnant women 35 days before childbirth and 63 days after childbirth. If the pregnant woman is carrying more than one child, the initial period is extended to 60 days. After the 63-day post-birth period, the woman decides whether to return to work or benefit from social insurance.

Article 105 of the Labour Code defines the rights of women regarding maternity leave, offering them a paid leave period as determined by the [Law on Social Insurance](#).

Maternity benefits are provided to insured women for childbirth if they have a 12-month insurance period for each benefit case. The benefit period lasts for 365 calendar days.

Albanian legislation generally aims to protect family life and grants certain benefits to new mothers, including daily breaks, paid and unpaid leave to care for young children, among others.

2.9. Compensation of overtime

Additional working hours:

Normal salary and an addition of no less than 25 percent thereof, or holidays added by at least 25 percent of the additional hours worked should be given within 2 months from the day such work has been performed.

Overtime worked on weekends or public holidays:

Rest or pay at least 50 percent greater than overtime worked or normal pay is due to the employee working on weekends or public holidays.

Work performed on the day of weekly rest:

Additional pay, not less than 25 percent, or paid vacation equal to the duration of the work performed plus an additional vacation of no less than 25 percent of the duration of this work is due to employees working on the day of weekly rest.

Work performed on official holidays, when they fall on working days:

Additional salary, not less than 25 percent and a paid holiday, equal to the duration of work performed on public holidays should be paid for work on official holidays falling on working days.

Workhours from 19:00 to 22:00:

Salary supplement of no less than 20 percent is due in such cases.

Workhours performed between 22:00 and 6:00:

Salary supplement of no less than 50 percent is payable to employees working in this time-range.

2.10. When and how is an employment contract terminated?

The employment contract ends when:

- a) The deadline expires;
- b) Unilateral action is taken;
- c) Agreement between the parties is reached;
- d) The employee passes away;
- e) Other causes defined in the law or in the contract apply.

! The employer can only terminate the employment contract for reasons such as **lack of due capacity, misconduct of the employee or upgrade of the enterprise's operations**, subject to observing notification requirements.

2.11. What steps should I follow as an employer if I have decided to terminate an employment contract with an employee?

Step 1:	The employer should notify the employee in writing at least 72 hours before meeting with them to provide feedback.
Step 2:	The employer, during the conversation, should inform the employee of the reasons for the prospective termination, giving them the opportunity to express themselves.
Step 3:	The termination decision is notified in writing, within a period of 48 hours to one week after the meeting. In the written notification, the employer should state the reasons for the termination of the contract, which are related to causes such as lack of required capacity, misconduct of the employee or upgrade of the enterprise's operations.

Note: in any case, the following deadlines must be respected:

Based on Article 143 of the Labour Code, each party must notify the other party of the termination of the employment contract, at least within the following deadlines:

- ☐ During the probationary period, each of the parties may terminate the contract by notifying the other party at least 5 days in advance.
- ☐ Where the employment relationship lasted up to 6 months, the notice period is two weeks.
- ☐ Where the employment relationship lasted from 6 months to 2 years, the notice period is 1 month.
- ☐ Where the employment relationship lasted from 2 to 5 years, the notice period is 2 months.
- ☐ Where the employment relationship lasted over 5 years, the notice period is 3 months.

What steps should I take to give an employee immediate termination of the employment contract?

Each of the parties to the employment contract may at any time terminate the contract for breach of good faith, which makes continuation of the relationship impossible.

Termination of the employment relationship with immediate effect occurs only if there are justified reasons, such as serious or minor repeated breaches of contractual provisions by the employee.

The court is the institution to decide whether justified reasons do really exist, having examined such reasons on a case-by-case basis.

Further information about employment can be found on the official website of the [National Employment and Skills Agency](#) and the [State Labour Inspectorate](#).

Failure to comply with the provisions of the labour legislation is subject to penalties up to several multiples of the minimum wage.

2.12 Did you know that certain obligations must still be fulfilled even upon termination of the employment relationship?***Maintaining confidentiality***

During the validity of the contract and after its termination, the employee is bound to keep the secrecy of the facts intended to remain secret, such as those related to the enterprise's manufacturing and other activity, which the employee became aware of while delivering his/her services to the employer.

The Employment Contract may enshrine clear provisions regarding the protection of confidentiality and trade secrets.

The employee is liable to the employer for the damages incurred by violation of contractual obligations intentionally or through negligence.

Non-compete clause

During the validity of the contract, the employee must not perform any work paid by third parties, which may harm the employer or compete with him/her.

Employees can promise in writing that, after the end of the employment relationship, they will not compete with their employer in any way.

The non - compete agreement is valid only where the employee has had access to the manufacture or business secrets, provided the use of these secrets could cause the employer serious harm.

The employer may use the non-compete agreement only if, during the prohibition period, he/she pays the employee no less than 75 percent of the salary they would receive if they continued to work for the same employer.

2.13 Did you know that as the employer you are responsible for the health and safety of employees in the workplace?

The main legal basis on safety and health at work is the [Law on Safety and Health at Work](#).

Integrating occupational health and safety practices into the start-up structure is not only a legal necessity, but also a moral obligation. Guaranteeing occupational health and safety reflects a commitment to treat employees fairly and contribute to a work culture based on integrity.

The employer's obligations under the Occupational Safety and Health Law include:

- ✓ Assessing risks in the workplace,
- ✓ Informing employees about safety and health at work, the risk assessments carried out, etc.;
- ✓ Providing continuous training for employees;
- ✓ Improving work conditions and taking measures to minimize risk;
- ✓ Monitoring the implementation of protective measures;
- ✓ Reporting workplace accidents.

The employer must take particular care of:

- ✓ Hygiene and suitability of the workplace.
- ✓ The necessary protective measures against the special risks posed by poisonous substances and agents, vehicles, heavy weight transport, air pollution, noise and vibrations, as well as risks in some sectors of the economy, such as construction, civil engineering, mining and chemical industry.
- ✓ Placement of clearly recognizable signs in every workplace that poses a risk to the life and health of employees.
- ✓ Fire protection, deployment of fire extinguishers, organization of annual training.
- ✓ Drafting of the risk assessment document.
- ✓ Taking measures and organising training on first aid administration.
- ✓ Keeping the register of accidents at work in accordance with the law.

Depending on the type of activity and the number of employees, the employer must employ an occupational safety and health issue employee, as well as establishing an Occupational Safety Council, and hiring an occupational doctor.

You may find more information on occupational health and safety issues on the official website of the State Labour Inspectorate and Social Services.

3. Complying with Tax Provisions³

Ensuring compliance with tax legislation is paramount for conducting business activity with integrity and in accordance with the applicable legislation.

You should keep in mind that the Republic of Albania imposes various taxes and fees. Failure to meet tax obligations may result in sanctions and could lead to closure of commercial activities.

It is worth noting that employment relationships as well as commercial activities are subject to taxation and relevant declarations under the tax law.

³ The information in this section is not exhaustive of business's tax obligations. You should in any case consult a fiscal expert to identify all obligations applicable to your activity. Bear in mind that tax legislation is subject to amendments from time to time. More detailed information regarding tax legislation is available on: <https://www.tatime.gov.al/c/6/legjislacioni>.

3.1. When and how should I file employee declaration with the tax authorities?

- ✓ Employees are registered at least 1 (one) calendar day before the start of work.
- ✓ Administrators must file the declaration at least 2 working days after registration in the NBC.
- ✓ Deregistration must take place within 10 (ten) calendar days after the end of the employment relationship.

Declarations of employees are filed on “e-tax” portal.

3.2 Calculating and Declaring Social and Health Insurance

! *Start-ups that hire employees, should file the following declarations:*

Full-time employment:

- full-time – 160 hours per month/ 40 hours per week;
- full-time – more than 87 hours a month

Part-time employment:

- less than 87 hours per month
- The rates for social insurance are 13.92% and 9.38% respectively for the employer and employee and health insurance is 3.4%.

On the gross salary and allowances of a permanent nature, within:

- ALL 40,000 minimum wage and ALL 176,416 maximum wage, the rates for social insurance are 15% and 9.5% respectively for the employer and employee, and health insurance is 3.4%.

The nature of employment	Calculation				
		Employer		Employee	
	Gross salary in ALL	Social Insurance (15%)	Health Insurance (1.7%)	Social Insurance (9.5%)	Health Insurance (1.7%)
Full/part time with over 87 hours	gross salary ≤ 40 000	40 000*15%	40 000*1.7%	40 000*9.5%	40 000*1.7%
	40 000 ≤ gross salary ≤ 176 416	gross salary *15%	gross salary *1.7%	gross salary *9.5%	gross salary *1.7%
	gross salary ≥ 176 416	176 416 *15%	gross salary *1.7%	176 416 *9.5%	gross salary *1.7%

3.3. Tax on Personal Employment Income

Employment income (EI) will be taxed progressively as follows:

Salary income in ALL/month		Taxable income in ALL/month		Tax rate in monthly/percentage
From	To	From	To	
0	50 000	0	50 000	0%
50 001	60 000	0	35 000	0%
		35 001	60 000	13% for amounts of over ALL 35,000
60 001	More	0	30 000	0%
		30 001	200 000	13% for amounts of over ALL 30,000
		200 001	More	22 100 ALL + 23% for amounts of over ALL 200,000

As of January 1, 2025, the following personal EI progressive rates will apply:

Annual income from salary in ALL	Taxation according to the progressive scheme
0 – 2,040,000	13%
Over 2,040,000	23%

The personal income from employment and/or business are subject to deductions from the tax base as shown in the table below:

Annual income from salary in ALL	Annual deduction in ALL	Monthly income from salary in ALL	Monthly deduction in ALL
0 – 600,000	600,000	0 – 50,000	50,000
600,000 – 720,000	420,000	50,000 – 60,000	35,000
Over 720,000	360,000	Over 60,000	30,000

! Note: the deadlines for submitting declarations are:

Employers and self-employed:

- Submission of the payroll by the 20th of the following month (or quarterly if self-employed);
- Submission of the proof of payment of social and health contributions by the 20th of the following month (or quarterly if self-employed).

3.4. Start-up obligations to compile and declare financial statements

Traders and commercial companies are under the obligation to keep accounting books, prepare and publish financial statements and progress reports, including audits by auditors certified based on Law No. 25/2018 on "Accounting and Financial Statements".

At the end of each financial year, the company shall prepare annual financial statements, indicating the profit and loss, as well as shares for each partner. Financial statements shall comply with accounting standards (national and international) and present the company's financial position, financial performance, changes in net capital/assets, and cash flow, truthfully and reliably.

The usual period covered by financial statements is 12 months, starting on January 1 and ending on December 31. This duration can be shorter or longer, depending on the start of the financial activity of the company, and, in any case, it cannot be shorter than 3 months and longer than 15 months. Accounting documents are kept at the company headquarters, for at least 10 consecutive years after the end of the respective reporting period.

More information about financial statements and tax obligations is available at the official website of the [General Tax Directorate](#).

4. Protection of Personal Data

4.1. Regulation of personal data protection

The main act currently in force in Albania regulating the protection and legal processing of personal data is the [Law on Protection of Personal Data](#), which determines the obligations of controllers, principles of legal processing, as well as rights of the data subject.

This law provides that the *controller* is any natural or legal person, public authority, agency, or any other body, which itself or together with others, determines the purposes and methods of personal data processing, and is responsible for complying with obligations defined under this law and relevant by-laws.

Processor is any natural or legal person, public authority, agency, or any other body that processes personal data on behalf of the controller.

Some of the main definitions from the legislation on the protection of personal data are available on the official website of the [Information and Data Protection Commissioner \(IDPC\)](#) by [clicking here](#).

4.2. What is a personal data?

Personal data (according to the Law on the Protection of Personal Data) is any information relating to a natural person, identified or identifiable, directly, or indirectly, in particular by reference to an identification number, or one or more specific indicators of his/her physical, physiological, mental, economic, cultural or social identity.

4.3. What constitutes processing of personal data?

Processing of personal data (according to the Law on the Protection of Personal Data) is any action or group of actions performed on personal data, by automatic means or otherwise, such as collection, registration, organization, storage, adaptation or change, retrieval, consultation, use, transmission, distribution or otherwise making it available, laying out or combining, photographing, displaying, discarding, completing, selecting, blocking, annihilating or destroying, even if not registered in a database.

Processing of personal data starts from the moment of establishment and registration of the company/start-up in the commercial register. Carrying out a business activity involves the need to process personal data in order to meet obligations under the applicable law, perform various contractual obligations, or other legitimate purposes of the data controller.

According to the provisions of the Law on Personal Data Protection, IDPC is the responsible, independent authority that oversees and monitors the protection of personal data and the right to information, complying with and guaranteeing fundamental human rights and freedoms.

4.4. Why should employers be aware of legislation on personal data protection?

Access to personal data: Every employer has access to some personal data of its employees, service providers, etc.

Enforcement of legal provisions (compliance): The Law on the Protection of Personal Data provides clear rules and penalties for each controller in handling personal data as well as the obligation to notify relevant authorities.

Integrity and transparency in the processing of personal data: Processing with integrity and in line with the principle of accountability and transparency is intrinsically related to the fulfilment of legal requirements, but also helps to build confidence of consumers and individuals towards businesses in the digital age.

Information security: Knowledge of applicable legislation helps acquisition and safe storage of the necessary information, taking measures for data recovery in case of loss as well as preventing storage of unnecessary data.

Avoiding fines and judicial litigations: Violation of the legal obligations under the Law on Personal Data Protection may be subject to fines ranging from ALL 20,000 (twenty thousand) to ALL 2,000,000 (two million). Failure to take the necessary measures to protect personal data may become the subject of judicial litigation.

4.5. Are you aware of your main obligations as a controller of personal data?

Obligation to inform - When collecting personal data, the controller must inform the data subject about the scope and purpose of processing, the processor, and the processing method, unless the data subject is aware of such information, as required by LPDP. The controller must inform the data subject of the right to access, and to correct his/her data.

Obligation for correction or deletion - The Controller shall on its own initiative or at the request of the data subject block, correct, or delete personal data when it notices that they are irregular, untrue, incomplete, or have been processed in violation of the law.

Responsibility to notify IDPC - Each controller must notify IDPC of the processing of personal data, for which it is responsible. The notification must be made before the controller processes the data for the first time, or when a change of status of the previously notified processing is required. You can find more information on how to complete and submit the notification form by [clicking here](#).

Drafting of privacy policies: The privacy policy is an important document containing the rules, procedures, and description of technical and organizational measures taken by the data controller to fulfil its main obligations under the Law on Personal Data Protection.

The legislation on protection of personal data expressly provides for the obligation of large controllers to draft and approve a privacy policy; however, having a privacy policy in place is an important step for all controllers to prove compliance with personal data provisions.

A standard model to be used when drafting the privacy policy can be found on the official website of IDPC, by visiting this [link](#).

4.6. What technical and organizational measures should be taken to ensure the safety of the Personal Data processed?

[IDPC Instruction No.47 dated 14.09.2018](#) , "On determining the rules for maintaining the security of personal data processed by large processing entities", defines the main rules regarding the necessary technical, organizational and personnel security measures to protect personal data processed by large processing entities.

Based on this instruction, large processing entities are controllers or processors that process personal data electronically or manually, using 6 or more people to perform the processing either directly or through data processors.

III. Chapter III: Protecting your Trademark.

1. Intellectual Property

Intellectual property is a form of property that is created by human mind. Intellectual Property is divided into two groups: copyright and related rights and industrial property rights which include patents, trademarks, industrial designs, as well as a sui generis form such as geographical indications and designations.

Rights related to patents, trademarks, industrial designs, geographical indications, and designations are regulated by [Law 947, dated 7.7.2008 "On Industrial Property"](#) as amended (hereinafter **"IP Law "**).

2. Trademark

Trademarks are the most well-known and used form of industrial property. Compliance with and protection of trademarks is not only a legal necessity, but also a commitment to the values of authenticity, fairness, and trust in the market. Trademarks are signs used in commercial activity to distinguish one enterprise from another.

Trademarks must be distinctive, but not descriptive - *[for example the trademark "Apple" can be registered for phones but cannot be registered for apples, as it would describe the goods being marketed.]*

2.1. Why is it Important to register your trademark?

- a) **Exclusivity:** Trademark registration gives the holder exclusive rights to use that trademark in relation to certain goods or services.
- b) **Legal Protection:** Trademark registration provides legal protection against infringements. The holder of the trademark has the right to prohibit third parties from using a trademark that is the same/similar for the same/similar goods/services, to import/export goods under such trademark, place the trademark on their goods, provide services using such a trademark without its authorization, as well as to oppose the registration of an identical/similar trademark.
- c) **Asset value:** A registered trademark is an asset. Trademarks are the property of the person in whose name they are registered. Trademarks may be transferred in whole or in part to third parties, licensed, pledged, and subject to enforcement actions.

**Remember that an unprotected idea
is just a fleeting thought!**

**An idea that is protected
by industrial property is an asset!**

- d) **Consumer Confidence:** Consumers often associate the registered trademark with quality and reliability. The registered trademark provides a level of security and protection against counterfeit products.
- e) **Validity:** Trademark registration obliges its holder to use the trademark in order to maintain its validity. Failure to use the trademark for a consecutive period of 5 years would result in devaluation of the trademark and loss of rights.

2.2. How can I register a trademark?

The General Directorate of Industrial Property (GDIP) is the relevant authority in Albania for registration of industrial property rights, including trademarks.

Applications to the GDIP are submitted online through e-Albania government portal, and applicants must have an electronic signature. In the context of Albanian entities or individuals conducting

their activities in Albania, the application can be submitted by entities themselves, their authorized representatives, or by GDIP licensed representatives of industrial property rights.

Trademarks can be registered for certain goods and/or services based on the Nice International Classification. For this reason, it is necessary to correctly identify the goods/services in the corresponding class of the Nice International Classification.

Following the application, GDIP will examine whether the trademark meets the necessary conditions for registration and if so, it will publish it in the Official Gazette. If no third party objects to the trademark registration within 3 months of publication, the GDIP will ask the applicant to pay the trademark registration fee, in order to issue the Certificate of Ownership.

The rights obtained through the registration of the trademark with the GDIP are exclusive to Albania. If commercial activities expand beyond the Albanian territory, it is recommended to register the trademark in those jurisdictions as well. In this case an international application is submitted to the World Intellectual Property Office (WIPO), for which GDIP serves as the admission point, transferring the application to this global office.

For more information, visit the official website of the General Directorate of Industrial Property as well as the following links:

→ <https://dppi.gov.al/objektetpi/markat/>

→ https://e-albania.al/eAlbaniaServices/UseService.aspx?service_code=13401

IV. Chapter IV: Integrity and ethics during the exercise of commercial activity

1. Integrity and ethics in business

In the dynamic and competitive world of start-ups, respecting the basic principles of ethics and integrity in running a business constitutes an important pillar in order to exercise commercial activity in a sustainable manner.

Start-ups are a key factor in setting new standards for ethical behavior and integrity during the exercise of commercial activity, creating a culture of trust, transparency and responsibility from the first steps of doing business.

The success of a start-up usually depends on factors that go beyond profit maximization for partners or satisfactory financial results; one of the main factors for achieving success is the integrity and ethical basis on which the entire operational activity of the company/start-up is built, as well as taking into consideration the impact on the community and respect for consumer's rights.

Despite the fact that the Albanian legislation does not establish an exhaustive and summarized legal framework regarding the exercise of commercial activity with integrity, depending on the type of commercial activity, the Albanian legislation establishes rules, obligations and conditions that must be fulfilled case by case.

Example:

Bringing to attention the case of exercising commercial activity in the field of selling consumable products. Depending on the type of product traded (e.g. food or electronic equipment) food legislation or consumer protection legislation establish the relevant obligations of the seller (i.e. start-ups) as well as the responsibility towards the buyer.

In the following paragraphs we have addressed some aspects that help every start-up in conducting commercial activity with integrity, although non-exhaustive.

1.1. How do I make sure the start-up is operating with integrity?

Transparency in communication and behaviour: Correct communication with customers, employees and other stakeholders. Promoting transparency and ethical behavior helps not only in the smooth running of relations with third parties, whether these are collaborators, clients, or employees, but also in avoiding court conflicts.

Fair Practices: Promoting fair and transparent business practices. Avoiding discrimination, favoritism or any unfair treatment of employees, customers or partners. Drafting and enriching a Code of Conduct/ Code of Ethics helps in promoting transparency but also establishing clear rules regarding unethical behaviors, avoiding corrupt practices within the organization, establishing clear rules regarding receiving and accepting gifts, promotion of accountability in case of violation of the Code of Ethical Conduct, etc.

Implementation of the legislation in force: The implementation of the legislation in force and relevant laws applicable depending on the object of the activity helps not only in avoiding fines but also court conflicts, reputational and moral damage, etc. Operating within legal boundaries is a fundamental aspect of ethical business conduct.

Quality and Responsibility: Providing products or services of high quality as well as in accordance with the conditions provided in the legislation in force. Take responsibility for your actions and if mistakes happen, address them transparently and rectify the situation.

Protecting confidentiality: Respect and protect the confidentiality of personal data, whether it concerns customers, employees or start-up operations. Maintaining confidentiality is a sign of integrity.

Social and environmental responsibility: Take into consideration the social and environmental impact of your activity. Adopt sustainable practices and contribute positively to the community by obtaining the necessary environmental permits etc.

Promoting Diversity and Inclusion: Foster a diverse and inclusive workplace. Embrace diversity of thought, backgrounds and experiences. This commitment contributes to a culture of fairness and integrity. Anti-discrimination legislation and the [Anti-Discrimination Commissioner KMD – Komisioneri për Mbrojtjen nga Diskriminimi](#) provide the necessary information.

Avoiding Conflicts of Interest: Identify and manage potential conflicts of interest within your organization. Ensure that personal interests do not compromise the integrity of business decisions.

Whistleblower Protection: Create mechanisms for employees to report unethical behavior without fear of retaliation. Encouraging a culture where concerns are addressed promptly, support integrity.

Notwithstanding the above, in the day-to-day course of doing business, it must be taken into account that integrity is not just a set of rules, but a mindset that permeates every aspect of business that contributes to a culture of integrity and long-term success.

1.2. More information about ethics and integrity in business

In addition to the rules and obligations established by the applicable legislation in Albania regarding the avoidance of corrupt and unethical practices during the exercise of commercial activity, as well as the criminal offenses foreseen in the criminal legislation, some important sources that can be browsed in order to create a clear panorama of the main principles of integrity in business are as follows:

- [Code of conduct against corruption for the business community](#), OSCE Presence in Albania, 2017 KODI-I-SJELLJES-KUND»R-KORRUPSIONIT-SHQIP-CD.pdf (weekofintegrity.al)
- ICC (International Chamber of Commerce) Anti-Corruption Rules, 2011 [Rregullat e ICC \(Dhomës Ndërkombëtare të Tregtisë\) për luftën kundër korrupsionit](#)
- ICC (International Chamber of Commerce) Anti-Corruption Clause, 2012 [Klauzola e ICC \(Dhomës Ndërkombëtare të Tregtisë\) kundër korrupsionit](#)
- Guidance on awareness and prevention of corruption in small and medium-sized enterprises (SMEs), OECD, 2022 [Udhëzues për ndërgjegjësimin dhe parandalimin e korrupsionit në ndërmarrjet e vogla dhe të mesme](#)
- [Cross-sectoral anti-corruption strategy 2015-2023.](#)

1.3. What is conflict of interest?

The representatives of the company (partners, administrators, etc.) have the obligation to faithfully represent the interests of the company, since the actions performed by them are binding on the company even if they exceed its object. In the following, we have briefly presented some cases of conflict of interest.

In order to avoid paying significant sums of money to third parties or even criminal punishment, it is important that all the competences of the company's representatives are clearly written and do not leave much room for interpretation. In addition to preventive monitoring, it is also necessary for employees to be trained to identify and report cases of conflict of interest.

The following persons are presumed to have one or more interests with the persons authorized to represent or supervise the company:

- husband/wife, parents, brothers or sisters of the husband/wife;
- children, parents, brothers, sisters, children's children or husband/wife of the above persons;
- persons related to the person authorized to represent or supervise the company. Related persons are: pre-born or unborn, second-degree cross relatives, adopter or adopted, first-degree relative of the spouse;
- a person who resides with the person authorized to represent or supervise the company.

1.4. What prohibitions are there for concluding contracts with the company?

The authorized person to represent or supervise the commercial company cannot conclude contracts or enter into other relations with the commercial company, if this does not declare the conditions of the action, as well as the nature and object of his interest, and the action is not authorized in advance by the relevant persons (eg partners in a limited liability company). Any preliminary and general approval is notified for registration in the National Business Center (NBC).

Sole Partners/Shareholders

A person who is, at the same time, administrator and partner or sole shareholder of the company, cannot enter into loan or guarantee contracts with the company. Other contracts concluded between this person and the company are recorded in a record, which is made in the headquarters of the company.

Related parties

Approval is also given for any contract or other relationship that the company enters into with a third party, which has personal or financial relationships with the persons authorized to represent or supervise the company (e.g. administrators), or with third parties, whose relations with the above persons are such that, reasonably, they can influence their decision-making contrary to the interests of society (eg spouses, cohabitants, family members, etc.; related persons with the person authorized to represent or supervise the company).

The above is a general provision which aims to protect the company from entering into any contract with a third party that affects or reasonably can affect the decision-making of company representatives to conclude contracts without having as a primary purpose the interest of company.

Example: AB is an administrator in company XY. AB's wife, Mrs. CD is the sole partner of YZ company which will provide consulting services to XY company. AB's son is the administrator of YZ company.

In the case in question, there is reason to doubt the impartiality of the administrator AB to conclude a contract with the company YZ due to personal and financial interests.

As above, choosing this company to provide consulting services may not be in the best interest of XY company.

Gifts

Company policies on gifts should be well defined. This includes the form of acceptable gifts, the limit on the maximum value of gifts, the obligation to obtain approval from, or to notify, the relevant department/person within the company for gifts⁴, etc.

Accepting gifts above a certain limit according to the company's stipulations, in addition to damaging the reputation of the individual who accepts them and the reputation of the company as a whole, may also constitute a criminal offense in accordance with the provisions of the Criminal Code of the Republic of Albania.

1.5. Does the provisions of the Law on Prevention of Money Laundering and Financing of Terrorism apply to a start-up?

According to the Law on the Prevention of Money Laundering and Financing of Terrorism, the subjects that are included in the scope of this law's implementation are mainly the subjects that operate in the financial sector, such as banks, non-banking financial institutions, exchanges, postal services that perform payment services, insurance companies, gambling, as well as freelancers, real estate agents, any natural or legal person, who deals with the provision of virtual means services, any individual, natural or legal person, who trades goods or services to the extent that it performs or accepts payments in physical money in an amount of 1,000,000 (one million) ALL or more, regardless of whether the transaction is performed in a single transaction or in several related transactions, auditors, approved accountants, etc.

The persons as above have the obligation to identify the client and report suspicious transactions, in accordance with the conditions and criteria established by the said law.

⁴ Article 164/a of the Criminal Code Active corruption in the private sector provides: "The promise, proposal or giving, directly or indirectly, of any type of irregular benefit, for oneself or for other persons, to the person who exercises a management function in a commercial company or works in any position in the private sector, to perform or not perform an action contrary to his duty or function, shall be punished by imprisonment from three months to three years". Article 164/b of the Penal Code Passive corruption in the private sector provides: "Requesting or receiving, directly or indirectly, any type of irregular benefit or such promise, for oneself or for other persons, or accepting an offer or promise, resulting from the irregular benefit, from the person exercising a managerial function or working in any position in the private sector, to perform or not perform an action contrary to his duty or function, shall be punished by imprisonment from six months to five years".

Knowing the legislation for the prevention of money laundering helps in the smooth running of the start-up activity that falls within the scope of the implementation of the above law, as well as the avoidance of suspicious transactions that may become a cause for further investigations or even penalties.

Knowing the legislation but also drafting internal policies helps to avoid abuses as well as informing start-up employees, risk assessment as well as taking protective measures.

In conclusion, start-up should be aware of legal obligations and engage in business practices that promote transparency and prevention of illegal activities.

1.6. What obligations does a start-up have under the whistleblowing and whistleblower protection legislation?

According to the Whistleblowing and Whistleblower Protection Law, it is determined that for private entities with over 100 employees, it is mandatory to appoint a unit responsible for recording, investigating and reviewing whistleblowing.

This law defines the rules for reporting a suspected act or practice of corruption by whistleblowers in the public and private sectors, the mechanisms for the protection of whistleblowers and the obligations of public authorities and private entities in relation to whistleblowing.

The implementation of the obligations defined in the Law on Whistleblowing and Protection of Whistleblowers takes on special importance in terms of reporting violations and wrongful practices, promoting responsibility for wrongful practices, promoting the values of the society, implementing legal provisions as well as promoting an ethical culture.

Any person who becomes aware of suspected acts or practices of corruption, during work or in connection with his work activity at the start-up, has the right to signal this fact to the responsible unit within the organization or the High Inspectorate of Declaration and Audit of Assets and Conflict of Interests (HIDAACI), as the case may be.

The whistle-blower is offered protection for whistle-blowing carried out in good faith, of an action or suspected corruption practice, according to the criteria provided in the law.

Whistle-blowing is done by any means of communication, in a written form or declared verbally before HIDAACI or the responsible unit and documented in writing by them.

Each private entity, which has more than 100 employees, appoints a responsible unit, which records, investigates and examines the signals.

HIDAACI directly investigates the whistleblowing of suspected corrupt actions or practices in organizations that **do not have a unit responsible for this purpose.**



Chapter V: Frequently asked questions from businesses (FAQs)

1. *When can the company start exercising the commercial activity?*

The company can exercise the commercial activity with its registration at the National Business Center. Persons acting on behalf of the company, before it acquires legal personality, are personally liable in an unlimited and joint manner for the actions performed on its behalf. With the acquisition of legal personality, the rights and obligations arising from these actions pass to the company.

2. *What is the best form of organizing of commercial activity?*

The law on merchants and commercial companies provides several forms of commercial organization, either as a commercial individual or as a legal entity. Depending on the type of commercial activity that is intended to be developed, the most appropriate form of commercial organization is determined. Usually, taking into account the limitation of liability (the liability of the partners is limited to the unpaid value of the quota) but also the dynamic organization, the most widespread form of the company is that of the company with limited liability.

3. *Do I need to be licensed for any commercial activity developed?*

The need for licensing is not in every case. Depending on the activity developed, the need for licensing may arise. For more, you can see on the [official website of NBC](#) Informacion mbi Licensat, Autorizimet dhe Lejet (qkb.gov.al)

4. *What obligations do I have towards my employees?*

The conclusion of the written employment contract is the first and most important step regarding the regulation of the employment relationship. The employment contract is suggested to be concluded for an indefinite period (unless the job position legitimizes the need for a fixed-term contract) as well as to contain all the mandatory elements as defined by the Labor Code. The Labor Code defines some further obligations of the employer towards the employees including, paid and unpaid vacations, regulation of work on official holidays, overtime, safety and health at work, etc.

5. *What is the necessary capital to exercise the commercial activity?*

Depending on the type of commercial activity developed but also the form of organization of the company, the law also foreseen the limits on its capital. In the case of a limited liability company, the minimum capital must be 100 Lek.

6. *What help can I get as a start-up?*

As part of support for startups, through the “startup one-stop-shop” service offered by the Ministry of Entrepreneurship during the 24-month incubation period (implementation and practical application of the business idea), a zero-fee policy is applied for the following services provided in collaboration with public institutions:

- a) Providing information and advice on the current legal and regulatory framework for startups and individuals or legal entities;
- b) Providing information and advice on obligations related to employment relationships, workplace safety, and health;
- c) Providing information and advice on the obligation to register in the commercial register, in accordance with the legislation for traders and commercial companies;
- d) Providing information and advice on tax obligations and other responsibilities arising from registration in the commercial register and self-declaration as a startup;
- e) Self-declaration in the startup register as provided in the Law on Startups;
- f) Providing information and advice on the registration and protection of intellectual property;
- g) Providing information and advice on strategic investments based on current investment legislation;
- h) Providing information, advice, and networking opportunities with foreign investors, strategic investors, business angels, and collected funds;
- i) Providing information, advice, and partnership opportunities by facilitating connections with international networks for enterprises, startups, and investors;
- j) Support, information, and advice on grants, funds, and other support measures made available by the government;
- k) Support, information, and advice on grants or funds from other foreign and domestic donors in Albania.

Startups can benefit from financial support through budget funds in the form of grants, as well as from other funding sources, including foreign donations, facilitator investments, etc., provided they meet the criteria and are selected as winners following a competitive and transparent selection process.

For the provision of grants, the State Agency for the Support and Development of Startups and Facilitators (hereinafter referred to as Start Up Albania) evaluates applications as follows:

Startups are eligible for grants if they meet the following criteria:

- a) They have completed self-declaration in the electronic startup registry and obtained a startup passport before applying.
- b) Startups select their current development phase, specified through application forms: i. Initial phase (F1); ii. Validation phase (F2); iii. Growth phase (F3)
- c) Startups in the initial phase (F1) may include private individuals, domestic or foreign, including digital nomads, who plan to continue their business operations in Albania.
- d) Startups in the validation phase (F2) and growth phase (F3) must be legally registered businesses in the commercial register of the Republic of Albania and no older than six (6) years at the time of application.
- e) They must have settled their tax obligations at the time of application.
- f) An applicant may not apply more than once for the same call.

Start Up Albania drafts and publishes the following on its website:

- a) Public calls for grant applications and other support measures for startups and facilitators.
- b) The available fund for each call.
- c) Documentation requirements for preparing and submitting applications.
- d) Application forms.
- e) A sample contract.
- f) Detailed guidelines containing information on:
 - i. Fund disbursement and project implementation processes.
 - ii. Procedures applied.
 - iii. Minimum qualification criteria and required documentation.
 - iv. Grant conditions.
 - v. Deadlines and formalities to be adhered to.
 - vi. Selection criteria for candidates.
 - vii. Financial allocation breakdown.
 - viii. Evaluation process of applications.
 - ix. Reporting obligations for grant implementation.
 - x. Project monitoring methods.
- g) Any changes or clarifications made during the procedure.
- h) The list of project proposals and candidate participants eligible for grants.
- i) Final project proposal evaluations, conducted by the evaluation committee and approved by the Minister responsible for entrepreneurship.

The call announcement also specifies the forms and amounts of financial grants to be awarded. Grant support applications are submitted electronically via the “e-Albania” portal. The submission period for support measures must be no less than 10 calendar days and no more than 30 calendar days. The necessary documentation to accompany the application is specified in the call’s published regulation.

Startup and facilitator project funds are disbursed in three (3) installments:

- a) *First installment:* 30% of the fund’s value immediately after signing the grant contract.
- b) *Second installment:* 40% of the fund’s value after approval by Start Up Albania of the descriptive and financial report for the first phase.
- c) *Third installment:* 30% of the fund’s value after approval by Start Up Albania of the final descriptive and financial report.

The grant contract specifies the rules, deadlines, and responsibilities of the parties for project implementation, documentation and deadlines for descriptive and financial reporting, methods of fund transfer, recognized and acceptable expenses, reporting and control mechanisms, including the beneficiary's obligation to provide the State Supreme Audit Institution with documentation related to financial activities undertaken, methods of documenting expenses and completed products and activities.

Start-Up Albania disburses funds according to the provisions of the contract signed with the grant winners.

7. *How can I finance the exercise of commercial activity?*

There are several forms of financing commercial activity as follows:

- ✓ Personal funds;
- ✓ Loans;
- ✓ Bank loan;
- ✓ Financing from entrepreneurs;
- ✓ Business angels
- ✓ Financing from national public funds;
- ✓ Financing from foreign funds (i.e. IPARD, etc.).
- ✓ Others

8. *What should I keep in mind to conduct business with integrity?*

It is important to understand that integrity is not a single obligation to be fulfilled by a start-up but a set of obligations and behaviours that must be in accordance with the applicable legislation, good business practices and ethical behaviour.

In this guide we have given some examples of the exercise of commercial activity with integrity.

9. *How can I protect myself against "stealing" of the business idea?*

You can easily protect yourself against the stealing of a business idea by registering the relevant brand, patent, design, thus benefiting from the legal protection that this registration offers.

In case your idea does not include a registrable innovation in accordance with the legislation for the protection of copyright and industrial property, you can draw up and conclude contracts for maintaining confidentiality (Non-Disclosure Agreement) with any person to whom you will communicate this information.



Organization for Security and
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Presence in Albania

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