

Activity 3.2 Implementation of a web platform for public data access about the project's impact.

Description of national legal contexts regarding local fiscal policies and Renewable Energy Sources (RES) in the states of the MED EU and IPA cooperation area.

Résumé for the online platform of the project.

Version control		
Version N°	Date	Kind of modification
1	08/11/2017	Initial
2	29/11/2017	Revised according to the comments of the partner
3	11/12/2017	English rev.

1 Description of the Albanian legal context regarding the local fiscal policies and the Renewable Energy Sources.

0 Introduction

In Albania, even if the local authorities manage revenues from taxes, tariffs and fees as well as other revenues, the law establishes many limits, especially for the taxes. The municipalities can determine extra charges or reductions only in very few taxes. The tariffs and fees as well as other revenues managed by the local authorities offer some room to promote the renewable energy sources.

1 What **taxes** do the local authorities usually manage? Can they be used by the local authorities to promote the Renewable Energy Sources?

As provided in Law 68/2017 “On Local Self Government Finance”, in the Republic of Albania”, municipalities shall create revenues from the following local taxes:

1. Tax on Immovable Property, which includes a tax on buildings, a tax on agricultural land and tax on urban land, as well transactions conducted on them;
2. Tax on the infrastructure impact of new buildings;
3. Hotel Accommodation Tax;
4. Tax on billboards;
5. Temporary Taxes established as prescribed by law;
6. Local taxes on the economic activity of small businesses;
7. Taxes on personal income, taxes on revenues derived from donations; inheritances, testaments, and from local lotteries;
8. Other taxes defined in law.

Even if such taxes are municipal revenues, the municipalities can't define reductions or exceptions for most of them. Actually, the municipalities cannot modify the rates of the following taxes: Tax on the infrastructure impact of new buildings; Hotel Accommodation Tax; Tax on billboards; Local taxes on the economic activity of small businesses; Taxes on personal income and on revenues derived from donations, inheritances, testaments, and from local lotteries. The municipalities can establish reductions or overcharges limited to +/- 30% in the tax on immovable property. Such tax is the main fiscal tool that the local authorities could use to promote the renewable energy sources.

2 What **tariffs/fees** do the local authorities usually manage? Can they be used by the local authorities to promote the Renewable Energy Sources?

As provided in Law 68/2017 “On Local Self Government Finance”, in the Republic of Albania, municipalities shall create revenues from the following local fees:

1. Fees for the occupation of public space;
2. Fees for the waste collection and disposal;
3. Fees for water supply and sewerage systems;
4. Fees for irrigation and drainage;
5. Fees for administrative services provided, including licenses, permissions, authorizations etc.
6. Temporary fees, in accordance with circumstances set by law;
7. Other fees for local services, as approved by the council of the local self-government unit;
8. Other fees, as prescribed in law.

Even if the law requires the local authorities to justify the rates of the fees to cover the costs of service, the justification should be made public, the municipalities are enabled to determine extra charges, reductions or exemptions to promote the renewable energy source in the services/sectors affected by such fees/tariffs.

3 What **other fiscal revenues** (see definition in the glossary) do the local authorities usually manage? Can they be used by the local authorities to promote the Renewable Energy Sources?

As provided in Law 139/2015 “On local self government in the Republic of Albania”, municipalities shall create revenues from the following other fiscal revenues:

Municipal revenues from other sources are:

1. Revenues from the rental of assets owned by the municipalities
2. Revenues from capital investments
3. Revenues from titles and other rights acquired by the municipalities
4. Revenues from profits of municipal public enterprises
5. Revenues from public-private partnerships.

According to the nature of the other revenues managed by the municipalities, there is little room for the promotion of the renewable energy sources.

4 Glossary.

Municipalities or local authorities.

The methodology has been designed for local authorities, considered as Local Administrative Units (LAUs) under the EUROSTAT classification in its correspondence table (EUROSTAT, 2016), which was created to facilitate the comparison of administrative structures in each member country. The methodology has particularly

been designed for local administrative units classified as LAU1, whose administrative boundaries correspond to a single Local Administrative Unit. Furthermore, the methodology covers Local Administrative Units classified as LAU2, whose administrative boundaries include various compulsory local administrative units. Therefore, voluntary associations are not included in this category. In the case of Greece and Portugal, for example, this clarification is important as their administrative systems provide for local authorities classified as LAU1 and LAU2 by EUROSTAT. We will use local authorities, public bodies and municipalities interchangeably in this guidebook to refer to all local authorities/bodies classified as LAU1 and LAU2 by EUROSTAT.

Fees, taxes, tariffs and charges.

One of the challenges in promoting renewable energy through fiscal policies at local level is the differences that exist among local legal systems, as well as the differences between concepts and terms relating to local fiscal systems. In this regard, the guidebook takes into account that local fiscal policies include different concepts, such as taxes, fees, charges and tariffs. All these concepts share the common characteristic of being revenue that municipalities receive by virtue of being public powers. Even though these types of tax-related revenue may have different names in each country and may include different aspects, even if they do share the same name, the essential features that we refer to in this guidebook are set out below.

The sole aim of this conceptualisation, beyond the legal-administrative, is that the different types of tax-related revenues in each country may relate to one concept or another.

Taxes and fees.

Both concepts are forms of revenue deriving from State taxation power. Both are revenues that a taxable entity has to pay when a situation arises for which there is an obligation to pay, taking coercive measures in the event of non-payment. In general, the ability of taxpayers to pay is taken into consideration when establishing and managing both cases. They are both at the top in terms of strictness regarding their imposition formalities and management requirements.

Taxes: have to be paid on receiving an income, being the owner of property and undertaking a particular activity. For example: income tax, immovable property tax and VAT. In general, the wealth that one declares is taxed.

Fees: have to be paid for using a public service or for occupying public-owned property. For example: fees for occupying a stall in a municipal market, entering a municipal swimming pool, studying a training course taught by the municipality, receiving a healthcare service provided by the municipality, receiving a waste collection service and a water supply service, etc. In some cases, the obligation to pay for waste collection and water supply services, for example, arises from the mere fact of being the owner or tenant of a property who could potentially, although in actual fact may not, use the service.

Tariffs:

The difference between tariffs and fees is not very clear. For the purpose of this guidebook, a tariff is the amount to pay for using a property or facility, or for the provision of a public service when it is managed through a public-owned company or when it is paid to a concessionaire of a public service.

Charges:

Charges are both the amount a public authority pays a concessionaire to provide a service and the amount paid by a concessionaire to the public authority in order to provide such service.

It must be borne in mind that in some cases the public authority pays the provider for the service and in others it charges the provider of the service.

The difference emerges when the municipality pays, then later charges the users of the service, and when it charges the concessionaire, which then charges the users of such service.

What is a concessionaire?

For the purpose of this guidebook, a concession is a right granted by a public authority or public company to another actor, usually private, to operate public property or services for a fixed period of time.

The management and, occasionally, the tariff collection is transferred to the concessionaire through what is known as a Public–Private Partnership (PPP). The public authority holds the ownership and policing power of the service, while the concessionaire physically provides it, receiving a payment called a tariff.

The concessionaire is, therefore, the title holder of the concession.

Non-ETS sectors:

The methodology centres on municipal fiscal policies that affect the so-called non-ETS sectors. Said sectors undertake activities that are not subject to the Emissions Trading System (ETS). They represent, therefore, the sectors that use energy less intensively. The following sectors are included in this category:

- ✓ Residential, commercial and institutional
- ✓ Transport
- ✓ Agriculture and farming
- ✓ Waste management
- ✓ Fluorinated gases
- ✓ Industrial not subject to trade emissions.