

# **DECREE**

**No. 782, date 22.02.1994**

## **ON THE FISCAL SYSTEM IN THE PETROLEUM SECTOR (EXPLORATION - PRODUCTION)**

In reliance of Articles 28, item 19 of Law No.7491, date 29.04.1991 "On the main constitutional provisions", upon proposal of Council of Ministers,

### **I DECREE:**

#### **Article 1**

The contractor is obligated to pay each fiscal year only the impost on the profit realized during that fiscal year. (The profit realized may be expressed in nature, cash or in both forms as may be provisioned in every Petroleum contract).

- (a) The tax is at the rate of 50 % of the realized profit.
- (b) In case the contractor who, in reliance with Article 12.2 of the Petroleum Law, is ALBPETROL and owns 50 % -100 % of the interests in the Petroleum Law, the tax shall be as follows :
  - (i) 30 % of the profit realized from the objects explored and under production prior to 31.12.1993.
  - (ii) For the profit realized from the new areas (under production after 31.12.1993), the tax shall be as follows:
    - 30 % for the amount of petroleum produced until 20.000 barrels per day.
    - 50 % for every amount of petroleum produced in excess of 20.000- 50.000 barrels per day.
    - 55 % for every amount of petroleum produced in excess of 50.000- 65.000 barrels per day.
    - 60 % for every amount of petroleum produced in excess of 65.000 barrels per day.

- (c) For the exploitation of discovered margin resources or those turned into margin ones out of their exploitation, the Council of Ministers may issue special decisions to moderate the fiscal system with a view to having such sort of resources under economic exploitation.

## **Article 2**

To the effect of accounting the realized profit, the capital expenses, operative and administrative expenses etc., are acknowledged as cost of the Contractor (the respective specifications are presented in every Petroleum Contract upon approval of the Minister) and their deduction from the realized revenues is permitted according to the criteria's approved by the Minister as well as the international practices in the oil industry which are defined in every Petroleum contract.

## **Article 3**

The contractor and his sub- contractors are exempted from the customs obligations as for the equipments, machineries, materials, etc.

The same exemption is valid even for the means of living of the foreign employees of the Contractor and his sub- contractors, relevant to the oil operations, in case it is not differently stated by the Council of Ministers.

## **Article 4**

The foreign employees of the Contractor and his sub-contractors are exempted from the tax on the personal income realized out of the oil operations.

## **Article 5**

This decree enters into effect immediately.

**Chairman of Council of Ministers**

**Aleksander Meksi**

**President of Republic**

**Sali Berisha**